The CREDIT WORLD

January, 1942

ONLY PUBLICATION DEVOTED EXCLUSIVELY TO RETAIL CREDIT

It's House Cleaning Time!

Too early, you say! Not for the house cleaning we mean.

• January, by precedent of long standing, is the month in which to get rid of those past due accounts that were on your books at the close of the preceding year.

• We will help you do your cleaning, and not only that—we will also salvage many of those accounts which you thought were worthless.

• Start your New Year with a clean house. Call on us—we are as near to you as your telephone—to help you do the job.

The Five Hundred Seventy-Five Members of the
COLLECTION SERVICE DIVISION

ASSOCIATED CREDIT BUREAUS OF AMERICA
INCORPORATED

January, 1942
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The Credit World

L. S. CROWDER
Editor

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25 YEARS AGO in the CREDIT WORLD

The January, 1917, CREDIT WORLD was called "New Year's Number." H. Victor Wright was then President of the Association and C. P. Jackson, Vice-President. Mr. Jackson's picture appeared on the front cover. At that time he was also President of the Associated Retail Credit Men and Credit Bureau and Credit Manager, Famous-Barr Co., St. Louis, which position he still holds.

* * *

In President Wright's New Year's Greeting he said: "We have all of us had much for which to be thankful in the year just ended—a measure of health and prosperity, the delights of friendship and joys of companionship, the further opportunity for worthy deeds and in a peculiar sense an atmosphere of peace, in a world so conspicuously and sadly the arena of conflict."

* * *

Twelve membership committees were appointed and listed in the New Year's Issue. They were "cordially urged to enter with enthusiasm into the friendly contest for the securing of the Membership Trophy to be presented at the 1917 Convention to the Committee securing the largest number of new members for the year."

* * *

This issue contained an article by J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, now deceased, entitled, "Cooperation Between Wholesaler and Retailer." In conclusion he said, "The National Association of Credit Men extends sincerest greetings to the Retail Credit Men's National Association and hopes a strong relation will be developed between the members of the two Associations and that in matters of common interest there will be joint effort and with no thought of individual interest. Cooperation is the keyword for the forward movement."

* * *

A. V. Storer, Manager, Pomona Valley Merchants Credit Association, Pomona, Calif., wrote an article called, "An Appeal To Reason—The Application Blank." His contention was that different phases of credit men's work had been discussed in The CREDIT WORLD but little had been said about the application blank. He said: "There can be no question that the proper time and only real opportunity to get the information on a new charge item is before, not after; for to make additional inquiries after the account has been on the books for some time will always create some consternation and leave a bad impression in the mind of the customer."

* * *

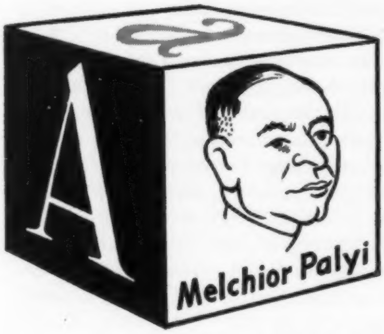
"Cooperation—the Touchstone of Safe Credits," was the title of an address by J. H. Choate before the Atlanta Association. He outlined four suggestions for better cooperation.

* * *

An article by K. F. Niemoeller, now deceased, on the subject of merchandise returns and Local Association Notes completed the issue which contained only 16 pages. A. H. H.

An A, B, C of Inflation

Reprinted by permission from *The Rotarian*, November, 1941



Hungarian-born Dr. Palyi, now a United States citizen, was once advisor to Germany's Reichsbank. Since 1933 he has been a lecturer and research economist in American universities.

What Is Inflation?

IN THE SPRING of 1922 I was appointed assistant professor at the Graduate School of Commerce of Berlin, Germany, with a comfortable salary. Inflation was on, and by July I couldn't make ends meet. My salary was *doubled* in August, again doubled in November, and again in early 1923. By April, when the dollar climbed to 18,000 marks (the parity was 4.20 marks) the authorities gave up the doubling of salaries and started adding a zero at a time. But prices rose so fast that the zeros could not keep pace. In due course I got my check with all the zeros paid out every fortnight, then every week, and, by August, every day.

One afternoon in October, 1923, I got my salary of some 2 billion marks paid out for the second time on that day. But I had to hurry to catch a streetcar which was going to raise its fare at 5 P.M. above my "monthly" check!

That incident is touched with whimsey, as I now recall it, but if anyone is inclined to overlook the human tragedy in a runaway inflation, let him read Channing Pollock's great play *The Enemy*. In it a retired Viennese professor sees his life savings cancelled out by a basket of eggs!

Such a "printing-press inflation" occurs only in countries where there is little gold in reserve to give backing to the paper money, and where monetary morale is low. Neither factor exists—thank Heaven!—in the United States. But I remind readers that inflation is a relative term and that inflations can be big, medium, or small. Whatever the size, they have in common this basic condition: *a disproportion of the total supply of goods people want and their total demand for them.*

The key word to remember is *disproportion.*

Disproportion can originate from a general shortage of resources which runs up the price people must pay to get goods. Or it can start with a surplus of money, for when people have much money to spend, they may be willing to pay more for what they want—and often do.

Usually we think only of the monetary side of inflation. Increasing money by the simple printing-press expedient has been mentioned. A less obvious way of doing it is through credit, "bookkeeping money." In this so-called "credit inflation," the actual purchasing ability of a nation's money is raised through loans from banks. It should be noted, however, that a growing money volume does not necessarily create inflation. For instance, between 1934 and 1940, American bank deposits increased 35 billion dollars without any appreciable rise in retail prices. As a rule, it is the coincidence of expanding purchasing power with an actual or anticipated shortage of goods that unleashes the inflationary spiral.

Now, let us take a brief look at conditions in the United States in the light of the foregoing.

Unless the emergency ends suddenly, the United States will spend for military purposes some 60 billion or more dollars, which is to be compared with 26 billion in the last war, when prices were substantially higher. This means that of a national annual income of, say, 100 billion dollars, 30 billion or more will be spent for things the private citizen does not buy: guns, planes, ships, etc. If 100 billion dollars are to be paid out to income receivers, but less than 70 billion dollars' worth of goods are available, there is but one conclusion: with more money than usual to spend and not enough goods available, people will spend all they can and therefore tend to force prices up. That is inflation.

How far will it go? No one can say, but I can call attention to a few factors to be remembered:

1. The Government's demand for defense goods is rigid.

2. The consumer's demand for goods has not been cut down by lowering incomes or by rationing. Actually, wages in the last two years have risen 70 per cent and farm prices have gone up 40 per cent—of which the effect is increased cost of production and a greater demand for goods.

3. If an attempt is made to increase the country's productive capacity so as to establish a new equilibrium between supply and demand of products, the new plants will absorb labor and materials and make the existing shortage more acute.

4. A shortage of goods is anticipated by and tends to be stimulated by shortages in specific fields—e.g., metals and skilled labor.

5. If a priorities system is strictly enforced, the unsatisfied purchasing power turns toward substitutes, causing their prices to mount.

6. The more prices rise and the more shortages threaten, the stronger is the public's desire to "hedge" by speculative purchases.

The foregoing illustrates the spiral nature of inflation. Economists borrow a word from the physician and say it is "self-inflammatory," viciously aggravating its own

trend. Can inflation, once started, be curbed? Must it be allowed to run its course like, say, the measles? Those are the questions I pass on to the second contributor to this symposium—and to the reader.

Millions of newspaper readers see Mr. Rukeyser's syndicated daily articles on finance and national affairs. He is a former college professor and financial editor of New York papers, has written six books.

8 Curbs on Inflation

PERHAPS the most dramatic attempt to pit the human will against external forces since King Canute sought to sweep back the waves beating across the British shores is the current American fight against the inflation threat.

Inflation is a loosely employed term designed to describe a financial disease that is especially prone to attack nations during wartime. The attempt at Washington to develop antibodies against this insidious malady is an immensely interesting experiment in pursuing, in the economic field, the analogy of preventive medicine.

The outcome of an eight-point drive against the threat of engulfing inflation will determine the political and economic climate in the United States for a generation, if not for all time.

Usually the vague ailment, popularly known as inflation, manifests itself in a shrinkage of the purchasing power of money. Dr.Palyi, who lived through the German inflation after World War I, in the preceding article makes clear the nature of the economic disturbance which impairs the value of money.

Money, the dollar, in a healthy, honestly conducted economy is a receipt for goods or services produced—for work done. If America's economy, in which close to 50 million persons are gainfully employed, had but two workers—Doe and Roe—the monetary problem would be simple indeed.

Let's assume that Doe produced a bushel of potatoes, for which a receipt, called a dollar, was issued, whereas Roe with a dairy herd produced a gallon of milk, for which a similar receipt, called a dollar, was given. Thus, if through custom, a dollar represented a bushel of potatoes and a gallon of milk, then there would be a clear understanding between the two men of the exchange value of their produce in terms of other desirable things.

But suppose someone interjected himself into the situation and issued $2 to Doe for the same bushel of potatoes and $2 to Roe for a single gallon of milk. Under such changed conditions it would take twice as much money to acquire the accustomed quantity of potatoes or milk. Thus, the purchasing power of money would have been cut in half. Or, expressed in another way, prices of potatoes and milk, having climbed from $1 to $2, would have soared 100 per cent. This change would have involved an inflationary process. Money would have become cheaper and things dearer.

Where the watering of money is undertaken deliberately, it constitutes a vicious and concealed form of taxation, which in effect confiscates all or part of the value behind the savings of thrifty owners of life insurance policies, thrift accounts in banks, of bondholders, and all other creditors.

If the floodgates of inflation should be destined to swing open, it would be difficult to time precisely when such a catastrophe would occur. If at all, the ogres of inflation would be unloosened from the caldron of national economic policy when and if large numbers of persons suddenly lost confidence in the capacity and willingness of the Government to fulfill its commitments.

Thus the question of how far the economy can be distorted by sacrifices incidental to the expansion of national defense and the financing of lend-lease aid to other anti-Axis nations depends on how convinced the average citizen is that the values sought, such as attainment of the "four freedoms," warrant giving up comfort goods to which their families in peacetime had become accustomed.

In 1890 it was computed that the total cost of government, national, state, and local, absorbed one day's work out of 14. This ratio has risen to at least one out of five, and before the wartime program is over it is likely to be closer to two out of five. Thus the credit of the Government hinges largely on the human willingness of the citizen to make personal sacrifices in order to further national objectives.

In the modern State the citizen expresses approval or thumbs down on the policies of public officials in two ways. First, through political expression at the ballot box—and in direct communications with representatives in government. And secondly, through silent financial behavior.

As long as there is confidence in the ability and willingness of those in charge of the Government to make good, citizens will accept dollars and I.O.U.'s of the Government at face value. On the other hand, citizens in effect tacitly vote "no confidence" in the powers that be when they seek to escape from dollar claims into tangible goods, such as precious jewels, commodities, and real estate, or into common-stock equities, which represent a participation in ownership of a business, rather than a claim to a specific number of dollars. They tend to do this when they believe that money will buy vastly less tomorrow than today.

The prudent individual is concerned not only with the effect of the inflationary process on current income, but also on long-term savings, including thrift deposits, life

insurance, bond holdings, and old-age social-security benefits. Obviously, if commodity prices are permitted under the stress of the armament boom to skyrocket, then the cost to the Government of battleships, tanks, guns, and planes will be greatly increased and the resultant rise in the Federal debt, already at an unprecedented peak, will be enormously accelerated.

If the new accretions to the Federal debt should be made at a time when prices are unusually high, and hence the purchasing power of money is exceptionally low, then there will be political reluctance in the post-war period when prices may be expected to decline and the purchasing power of money to rise to permit bondholders to be enriched with repayments of dear dollars in exchange for the cheap dollars which they invested. Thus, any needless inflation now of the cost of national defense and lend-lease aid will add to the burden of carrying the resultant debt, and will eventually generate an emotional demand to make liquidation of the debt easier through monetary tricks intended to dilute purchasing power of invested dollars.

To meet this hazard, the aforementioned eight-step preventive financial program is already under way.

I. Propaganda

There is a studied attempt to win the battle of the financial front through judicious use of propaganda. This device has been employed persistently ever since the beginning of World War II. There were almost immediate official admonitions against profiteering, and the President assured the public that this time there would be no wartime millionaires. Then the Chief Executive instructed the Temporary National Economic Committee to investigate commodity-price rises to determine whether they were justified.

Along with this, the Attorney General's office kept up a verbal barrage against "monopolistic" practices which are price lifting in character.

In recent weeks the propaganda technique has taken the form of warnings against inflation by important Federal officials. Some wonder whether the ballyhoo may not be disturbing to confidence.

There is an unmistakable propagandist effort to pin an unpatriotic label on businessmen who reflect in higher prices the upturn in basic costs of making and distributing goods.

II. Price Ceilings

But, obviously, the politicians and economic planners are not relying on mere words to calm inflationary tendencies. They are exerting the power of government to put ceilings on price fluctuations of scarce and critical wartime commodities.

Thus far there has been only selective price fixing, although Bernard M. Baruch, Chairman of the War Industries Board of World War I, has counselled the advisability of a universal price ceiling, whereby maximum prices for all commodities and services would be frozen as of a given date.

In thus far rejecting the Baruch plan, Leon Henderson, Price Administrator, has instead followed the selective program presented by Charles O. Hardy in his study entitled *Wartime Control of Prices,* which was prepared by the Brookings Institution at the request of the War Department.

If price fixing and priorities are to be used as effective instruments of control, it has been pointed out by Noel G. Sargent, economist of the National Association of Manufacturers, and others that these powers must be employed objectively without political bias. Except for short periods, prices cannot be limited unless ceilings are placed on the various elements of cost, including wages, farm materials, and taxes.

III. Taxes

Taxes are employed in this period, not only for the customary revenue purposes, but also as instruments of economic control. In a desire to prevent citizens, enriched by rising payrolls and profit, from competing unduly with the Government for scarce materials and needed man hours, taxes are envisaged as a means of shunting off from the market place these additional circulating mediums.

In delineating the intention to use the taxing power as a device for averting inflation, Secretary Morgenthau, on August 8 last, told the Senate Finance Committee: "Increased taxation is needed also to maintain economic stability. . . .

"At a time when expanding incomes are operating to force prices upward, many kinds of measures must be employed if prices are to be kept under control. Without heavy taxation the other measures have little chance to succeed.

"By contributing to the control of prices it [taxation] will help prevent the demoralization which would result from inflation. . . ."

In addition to regular taxes, the Administration has also put forth the idea of greatly increasing payroll social-security taxes during the emergency so as, in Secretary Morgenthau's words, "to increase the flow of funds to the Treasury from current income during the emergency and increase the outflow of funds when needed in the post-defense period."

IV. Savings

Besides diverting current incomes by the tax route, the economic planners are similarly seeking ways and means to turn the newly increased stream of circulating medium away from current consumption through encouraging voluntary savings.

Daniel W. Bell, Undersecretary of the Treasury, recently related the popular savings campaign to the broader effort to control inflation. Mr. Bell stressed the fact that if the people didn't buy Government bonds, the banks would have to do so, and in doing this, the banks would tend to accelerate the inflationary process through expanding bank deposits.

In addition there is growing talk of forced savings along the lines advocated by John Maynard Keynes, British economist and advisor to the British Treasury. A spokesman for the United States Treasury recently alluded to the possibility of an American plan for forced saving called a "separation wage" which would assure a regular wage for a stated period in case a worker lost his job.

V. Time-Sales Curbs

While Federal agencies are trying to reduce civilian demand for goods through expanding taxes and popular savings, it would, of course, be inappropriate for private

lenders to seek to whet the appetite of consumers for comfort goods through offering easy credit terms. Accordingly, in conformity with patriotic and self-abnegating suggestions from leaders of the automobile industry and others, the Federal Reserve System recently put into effect a program for making instalment purchases somewhat less enticing for the duration.* The tendency has been to insist on larger down payments and to shorten the period for discharging the debt.

VI. Increased Production

Another major control is to attempt to answer the vast increase in circulating medium with increased production of real goods and services. This involves re-employment of idle men, and fuller utilization of existing machines. It also entails greatly increased output of new machine tools and productive equipment, especially in fields closely related to the production of lethal weapons.

As a result of this process, physical production in the United States has reached the highest peak in the history of the nation. If this production were going into civilian goods exclusively, instead of being diverted largely to war materials, then we would be entering the golden age in the material well-being of the American people.

Since World War II started in September, 1939, the Federal Reserve index of production has risen from 114 per cent of the 1935-39 average to 161 per cent in July, 1941.

VII. Bank Controls

In addition to the foregoing, a variety of strictly fiscal, banking, and monetary devices have been discussed. These suggestions were embodied at the close of last year in a report by the Board of Governors of the Federal Reserve System to Congress. Thus far no legislative action has been taken. Originally, the Treasury seemed cool to the recommendations, but recently a more sympathetic attitude has been reported.

The guardians of the money marts have asked for legislative authority to absorb excess bank reserves through increasing the reserve requirements of banks; and suggested also that the Chief Executive be deprived of his discretionary right to expand the currency through silver seigniorage and through gold devaluation. They also advocated selling new Government bonds to bank depositors rather than to banks, and financing defense expenditures largely through taxation rather than through borrowing.

VIII. Economy

A collateral method of reducing the inflationary implication of growing Federal deficits is the demand for rigorous economy in the nondefense expenditures of government, national, state, and local. The Treasury demanded a cut of a billion dollars a year in the ordinary expenses of the Federal Government, but thus far Congress has been slow to act. The Chamber of Commerce of the United States took the position that savings in double the amount which Secretary Morgenthau mentioned were in the cards. The most hopeful formula is the plan of Senator Harry F. Byrd, of Virginia, for a joint committee of the appropriating and revenue-raising groups of both houses of Congress, which could work directly in the interest of economy with the Treasury and the Director of the Budget. Certainly, if the occasion calls for sacrifice by citizens, it is fitting for politicians to do their bit too, and to cut down on the normal extravagance and waste incidental to government spending.

Thus, in these eight ways, governmental and private finance has used creative intelligence in an effort to set up a defense program against the obvious inflationary danger.

*See *"Emergency" Curb on Time Sales Now?* September *Rotarian.*

Author Allen has studied and taught economics in America and Europe. President of Harland Allen Associates, Chicago investment consultants, he edits a well-known economic letter.

What Can You and I Do About It?

IT IS HELPFUL to think of inflation as a disease. More precisely, it is a fever in the body economic—a price fever. And like other fevers, it is not so much a disease in itself as the outward evidence of disease—evidence that something or many things are out of adjustment. For that reason it does not make much sense to talk about standard prescriptions for inflation.

The practical thing to do, as when a doctor is called to a sick room or when a mechanic takes over an automobile, is to look around to discover what is out of order this time.

Supplementing Dr. Palyi's analysis, it needs to be kept in mind that the commonest causes of price inflation are:

1. Excessive confidence in the business situation—resulting in excessive borrowing for speculative gain, and thus in expansion of the commercial-credit structure out of proportion to current volume of trade and production. Almost any observer recognizes this as describing what happened in the late 1920's—culminating in the smash of 1929.

2. An excessive expansion in the quantity of money and/or other Government obligations. This is a peculiarly difficult type of trouble to be sure about, because the mere quantity of money is not usually the determining factor—affecting prices. So-called "monetary inflation" seldom if ever gets going until the public suspects, or realizes, that the Government is substituting the printing press for ordinary sources of revenue.

(Turn to "A, B, C of Inflation," page 24.)

Evolution of Jewelry Store Credits

Oscar M. Lau

Manager, Credit Sales, Plumbs Jewelry Co., Des Moines, Iowa

It is an interesting history, the "zigzag" course of jewelry credits, from the early nineties to the present time. In fact it was the jeweler who was one of the first to fall in line with the automobile, washing machine, and refrigerator installment payment plans. There are two definite varieties of jewelry stores as regards their credits. The one variety still enjoys the title "old-fashioned or dignified" while the other is known as the credit jeweler—both having national associations of their own. The latter is an outgrowth of the present era of "pay as you go" or "buy out of income." Both varieties of jewelers have a definite place in filling the credit needs of the different types of customers. Every community has its quota of substantial citizens whose families do much of their buying on 30- or 60-day charge accounts. Then there are the masses who are lured by large illustrated jewelry ads—"one dollar a week," "a year to pay," etc., and they bring in their weekly dollar to pay for that watch or diamond.

Our store is the oldest jewelry store in the State of Iowa, located at Des Moines, a city of 160,000. We have been in business continuously since November, 1865, without closing, except for three removals. So we distinctly belong under that category of old-fashioned or "dignified." We may disagree in the former but like the word "dignified," because it embodies the sale of fine merchandise and the extension of dignified credits.

Good Will a Necessity

In all the fields of merchandising enterprises there is none in greater need of good will and a reputation for integrity than a jewelry store, owing to the public ignorance of the items we sell or the repairing of watches and jewelry. We constantly strive to maintain this good will with pleasing and satisfying transactions and by offering "dignified" credit. We could counter our critics who call us old-fashioned jewelers by changing over to the "50 cents or dollar a week"—"nothing down"—"a year to pay"—"no carrying charge" and possibly increase our volume and our headaches, but in our community there are hundreds of substantial families whose third generation are buying their gifts—and engagement rings—on a large down payment and equal payments each month. Then there are other old-time charge account customers who act offended if our salesmen suggest a deferred payment plan on their purchase. This demonstrates the need for the two types of jewelers, because the factory worker, the colored porter, the family maid, all have the same desire—to give their loved ones a gift—and they seek the type of jeweler who fits their credit needs. In the early nineties, and through the first world war (a sort of Victorian period in business) there were two kinds of customers, one who paid cash on delivery and the other whose social and business standing gave him the privilege of buying on "trust" and paying at his convenience.

Vast economic and social changes came along, upsetting our apple cart. The price of corn dropped from two dollars or better to eight and nine cents a bushel. The Iowa farm which had sold for three hundred to five hundred dollars an acre reverted back to its first owner. There were no more cash sales and a buyer's strike ensued. Durable items such as automobiles, radios, washing machines, etc., were sold increasingly on an installment plan basis. Our business, which we do not like to have called "non-essential" (as we firmly believe that the betrothal and wedding rings create happiness and contribute to the progress of the human race) began to slump badly. We saw the wisdom of installment selling. If the automobile could be purchased on a monthly basis why couldn't a diamond? In our city we were one of the first jewelers to start a "Club Plan" as we called it then, later changing to "Budget Plan" or "Deferred Payment Plan." We drew up a legal conditional bill of sale and our salespeople presented this plan to customers. We exacted a 20 per cent down payment and one-half of one per cent on the unpaid balance as a carrying charge, with payments running not over eight months regardless of the cost of the article. We surprised ourselves with the increased volume of these sales over cash or open charge. Sales were easier, as the customer was delighted to buy something from us in a convenient, confidential manner, confidential as we do not record our contracts.

Dignified Advertising

We found this new business so encouraging we began to advertise by placing a small paragraph under each ad in our local papers—"Buy on our Budget Plan" and "Deferred payments if desired," also placing a dignified card in each window. This plan, which has been most universally accepted in other jewelry stores, is also flexible, with the exception of the carrying charge. We stick to the carrying charge and rarely have a customer object. We show the cash price on the article in our windows and showcases which convinces the customer that he must pay a small premium for the privilege of an

(Turn to "Jewelry Credits," page 28.)

New Orleans Invites You...

Of course, you're planning to attend the 30th Annual Conference and Credit Sales Forum of the National Retail Credit Association, to be held in New Orleans, Hotel Roosevelt, June 15-18, 1942.

Traditionally the city that care forgot, New Orleans is, perhaps, best known for its liberal attitude toward human frailties, its "Live and Let Live" policy. And then there is the French Quarter, that Vieux Carre or "Old Square" which lies below Canal Street and along the Mississippi River. Once the walled city of Nouvelle Orleans, it remains today one of the most interesting spots in the United States. Here one finds the narrow streets with overhanging balconies, the beautiful wrought-iron and cast-iron railings, the great barred doors and tropical courtyards. Many of these fine houses are more than a century and a quarter old, and they stand today as monuments to their forgotten architects.

• Pirates' Alley in the heart of New Orleans' French Quarter runs along one side of the venerated Saint Louis Cathedral and is bounded on the other by the historic Cabildo, now the Louisiana State Museum; and formerly the scene of the transfer of Louisiana to the United States. The Alley received its name from the countless tales about the famous pirate, Jean Lafitte, who is said to have used it in the transportation of smuggled goods about New Orleans.

Dividing the older downtown section of the city from the uptown or American section lies Canal Street, a magnificent thoroughfare, one of the widest streets in the United States, and reputed to be one of the four best-lighted streets in the world.

The visitor to New Orleans is always interested in the Port and in the docks, which extend for fourteen miles along the river. Here, in peacetime, are vessels which sail the Seven Seas, and flags of all nations once fluttered at the mastheads. Ferries cross and recross the Mississippi, which is almost a mile wide at New Orleans. Sea gulls follow the ships, searching for food, and make the visitor realize that the Gulf of Mexico is not far away. Nine miles above the city the Huey P. Long Bridge, the twenty-ninth and one of the finest spans across the Mississippi, gives New Orleans an unbroken highway to the West.

Throughout a tour of the city one cannot fail to be impressed by streets whose names are derived from saints, soldiers, authors and astronomers, from classical mythology and Indian legend, from fish and fowl, and from the heavenly bodies.

Our plans have been completed to give the delegates one of the finest meetings in the history of the Association. Upon your arrival in New Orleans, the city noted for its hospitality, you will be greeted and welcomed by over 200 local delegates who will leave nothing undone to make your visit an enjoyable one.

Now that our country is at war, this will be known as "The War Convention." The business program will be so designed that your attendance will pay dividends in information obtained on current problems and conditions brought on by the war. It will also attempt to bring to you, through noteworthy speakers and authorities, some of the problems and solutions of post-war conditions.

With conditions changing from day to day, our annual Conference and Credit Sales Forum gains in importance and value.

We will be expecting you next June.

Stanley W. Kemp
General Convention Chairman

Kaa F. Blue, President
Retail Credit Association of New Orleans

The Parade of the Three "C's"

30th Annual Conference and Credit Sales Forum, June 15-18, 1942, Hotel Roosevelt, New Orleans, Louisiana

National Retail Credit Association
Associated Credit Bureaus of America, Inc.
Credit Women's Breakfast Clubs of North America

We Will Meet This Year . . .

Since our entry into the second World War, the question has arisen "Will there be a Convention this year?" *The answer is most assuredly yes!* Our 30th Annual Conference and Credit Sales Forum will be held at the Roosevelt Hotel, New Orleans, as scheduled, June 15, 16, 17, 18, 1942.

Tentative acceptances have already been received from a leading banker of the Southwest, and several outstanding executives, representing different lines of business, to address the conference. Plans are going ahead in the National Office—and we are being assisted by the New Orleans Convention Committee—for a program, the theme of which will be "Credit in Wartime."

This association, then only five years old, held conventions during the first World War—in Cleveland in 1917 and Boston in 1918. The discussions at both conventions were indicative of the problems then facing the credit granters of the nation, as well as post-war problems.

If it is desirable to hold a Convention in normal times, it is absolutely necessary that we carry on in times of emergency for the discussion of mutual problems, economies in operation, etc. Through the interchange of ideas it is possible to adopt ways and means of better serving our country, our customers, and the firms we represent.

As in the past, the general sessions will be held on Monday afternoon, Tuesday, Wednesday and Thursday mornings. Group meetings will be held on Tuesday, Wednesday and Thursday afternoons and there will be the usual array of educational business equipment exhibits.

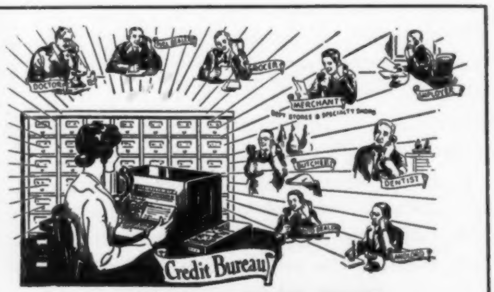
The New Orleans Convention Committee, numbering approximately forty, including all past presidents of that association, is hard at work and, on my recent visit to that city, I was informed that local registrations then exceeded two hundred.

The program is not complete, but the addresses will include the following subjects:

Winning the War—The Credit Fraternity's Part.
The Effect of Increased Taxes on Collections.
Why Extreme Care Is Desirable in the Extension of Credit During Wartimes.
Regulation W and its Contribution Toward Sound Installment Credit.

The 1942 Conference and Credit Sales Forum will prove a most important one. You cannot afford to miss it and should make your plans now to go to New Orleans next June. Your participation in the discussions will pay handsome dividends.

L. S. Crowder.



We have YOUR NAME in this "Who's Who"

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is PAST DUE. To maintain a good credit record, you should make a payment NOW or arrange for an early settlement.

Customer's Name ______________________

Firm Owed ___________________________

Balance $_________ Past Due $_________

Date ________________________________

Guard Your Credit as a Sacred Trust

Defend Your Accounts

against the stigma of a poor credit record and add to the efficiency of your Credit Department by using the new Collection Insert shown here. Prepared at the urgent request of our members, it has a definite tie-in with the credit bureau. Not only does it collect, but it is an effective means of educating customers to pay bills promptly.

This is another success number in our series of Collection Helps. Designed for use as statement enclosures, the size is 3 inches by 5½ inches. Printed in bronze blue ink on ivory enameled stock. Only $2.00 per thousand.

Order from

NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive Street **St. Louis, Mo.**

Credit Department Letters

Aline E. Hower

Doggone these interruptions," said an exasperated letter writer as he smilingly turned to answer his telephone.

"If there weren't so many interruptions, I'd write better letters," remarked another.

Yes—but what would we do without 'em? Haven't they been a blessing to the human race?

Every progressive step—every invention—every process of learning has been an interruption of the previous routine!

I hadn't thought of this till it was pointed out to me by a particularly successful department head whose letters bring home the bacon.

So while we continue to seek quiet and time for thought, we also WELCOME the interruptions. With the tension of irritation in our attitude toward interruptions thus relaxed, we write better letters!

World interruptions make us better people. The sacrifices we must suffer to win the present war will make us appreciate all our countless blessings. After we win the war, I believe the world will be a better place for our grandchildren to live in.

This Month's Illustrations →

Any procedure adopted by Mr. Dean Ashby, Credit Manager, M. L. Parker Company, Davenport, Iowa, is worthy of study.

Illustration No. 1 is an example, the tactfully worded letter which handles what may be, in many cases, a sensitive situation.

Notice particularly the second and last paragraphs. Here the thought of service to the customer is emphasized. The third paragraph puts over its subject matter diplomatically.

Illustration No. 2, written by Mr. Shannon, Credit Department, The B. R. Baker Co., Toledo, has a delightful Irish turn to the phraseology.

Who but an Irishman would have ended the first paragraph exactly as Mr. Shannon did? "They merely remind us of something we were going to do anyway," has a lot of persuasion wrapped up in the genial words.

A specific request for action has been proved again and again as the most action-impelling closing for a letter. Therefore, Mr. Shannon's letter is written in the best possible way from the point of view of letter writing strategy.

Illustration No. 3 has to do with a closing gas account, a particularly difficult type of collection to make.

Mr. J. A. H. Dodd, Credit Manager, Portland Gas & Coke Company, has used appeals to what are considered the four prime urges in human nature in our business transactions. The opening uses the powerful approval appeal; the second paragraph brings out the thought of action; the third paragraph very mildly threatens the security of the reader; and throughout the letter there is a keynote of progress.

[The four prime urges are: Security, approval, activity, and progress.]

Mr. Dodd's letter is well-phrased and well-constructed.

Illustration No. 4 is a rare piece of thoughtfulness.

So often when others do favors for us, we may be tempted to overlook making it a point to thank them.

Dr. E. J. Tietjen, Optometrist, Jefferson City, has written a very beautiful, inviting, and pleasing letter. It should make the recipient feel good and should have a strong tendency to build good will and an even larger clientele for the doctor.

Another year has been ushered in and I sincerely hope it will bring, first of all, peace and victory to our country, and then an abundance of blessings to all my friends—members of the N. R. C. A. Let's all help to support our Government in this national emergency by buying Defense Savings Bonds and stamps.

M. L. PARKER COMPANY
FOUNDED 1906

DAVENPORT, IOWA

M. L. PARKER CO. BANK CHECK IDENTIFICATION RECORD
NAME OF BANK
ADDRESS OF BANK
IF YOU DESIRE TO PLACE A LIMIT ON THE AMOUNT OF ANY ONE CHECK YOU DRAW, PLEASE INDICATE AMOUNT HERE: $______
AUTHORIZED SIGNATURE
ADDRESS OF MAKER

FOR YOUR PROTECTION, PLEASE FILL OUT CAREFULLY
WRITE SIGNATURE AND PRINT REMAINDER CLEARLY.
DO NOT WRITE ON BOTTOM LINE.

Dear Mr. Gates:

You recently issued a personal check in favor of the M. L. Parker Company.

1

We take this opportunity of letting you know we appreciate your cash patronage and wish to offer you the best service possible on all future transactions.

To expedite the service in accepting personal checks, we are asking that you fill in and return to us the enclosed identification card (using the authorized signature that appears on your check), indicating your correct address on the line -- address of maker. Our cashiers will then be able to accept them without delay.

This service is offered to add to your convenience while shopping at Parkers.

Thank you!

M. L. PARKER COMPANY
D. Ashby
Credit Manager.

DA:EH

PORTLAND GAS & COKE COMPANY
PUBLIC SERVICE BUILDING
PORTLAND, OREGON

October 8, 1941

3

Mrs. John Doe
12345 N. E. 89 Avenue
Portland, Oregon

Dear Mrs. Doe:

It is the desire of everyone to maintain a good credit rating, which is merited by prompt payment when circumstances permit, or, by budgeting your payments over a few months and meeting them with regularity.

May we help you clear up your closing gas account in the amount of $10.25 for service supplied at the above address by soliciting your cooperation in sending in your payments on the dates provided in the enclosed convenient "Payment Record Book".

Surely, you cannot afford to impare your good rating by allowing this bill to remain on our unpaid list. Please follow this budget plan and "Help Yourself".

We have appreciated the opportunity of serving you and want you again to enjoy the many conveniences of "Portland Gas".

Yours very truly,
J. A. H. Dodd
J. A. H. Dodd
Credit Manager

JAHD J
21-98

The B R BAKER Co.
TOLEDO, OHIO

CREDIT OFFICE

2

April 5, 1941

Mr. J. L. Lando
6543 Northern Avenue
Toledo, Ohio

Dear Mr. Lando:

An alarm clock and a collection letter are very similar -- neither ever itends to offend; they merely remind us of something we were going to do anyway.

So, will you accept this friendly reminder of your intention to send us a check for your,..February...account of $20.00.

Very truly yours

THE B R BAKER CO.
Richard Shannon
Credit Department

OFFICE PHONE 3039 RESIDENCE PHONE 2272

DR. E. J. TIETJEN
OPTOMETRIST
JEFFERSON CITY, MISSOURI

November 24, 1941

Mrs. Lawrence Taylor
9010 Jones Street
Jefferson City, Missouri

4

Dear Mrs. Taylor:

Rarely a day goes by without some new patient coming to us on the recommendation of one of our friends.

Saturday, Miss Jane Cruse, came to us for optometric service on your recommendation--and we want you to know that we appreciate this mark of your confidence and your thought for both Miss Cruse and ourselves.

Because our practice has been built on just such referred cases, you can understand that we are deeply sensible of your kindness and shall do everything in our power to continue to merit your confidence.

Faithfully yours,
E. J. Tietjen
Dr. E. J. Tietjen.

What Is the Most Important Retail Credit Problem for 1942?

As is our annual custom, we are again publishing the replies from our members to this all important question. These responses have come to be regarded as a yearly symposium of credit opinion on the North American Continent. The February issue will include additional replies.—The Editor.

This year the credit problem divides itself into three requisites:

1. To analyze the situation in our respective districts and make quick adjustments to changing conditions.
2. To have a competent personnel equal to requirement, but quickly adaptable to peaks and valleys of business.
3. To recognize sound practices and hold to those which are good.

These three points are difficult enough in themselves, and all are vitally important.—Jno. K. Althaus, Secretary-Treasurer, Associated Retail Credit Men of Washington, Washington, D. C.

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The most important problem for 1942 will be to accept the maximum volume in credit sales which can be secured with due regard to the future period of readjustment, and the present need of pursuing a considerate but firm collection policy.—R. P. Bissell, Director of Accounts, L. Bamberger & Co., Newark, N. J.

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The most important credit problem for 1942 will be the proper control of our accounts receivable ledgers. Merchandise today is selling for higher prices. People are making more money and are inclined to overbuy. The manager of credit sales who does not coordinate the size of his accounts receivable ledger in relation to his firm's inventory, may be left holding the bag when the European question is settled. In other words, we should forget about volume and keep our ledgers in a liquid condition at all times.—E. H. Brown, Manager of Credit Sales, Shudde Bros., Houston, Texas.

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The most important credit problem during the coming year is: What form of credit policy should be adopted for 1942, in view of present world conditions? That is, whether or not to continue to be lenient in granting credit, or whether or not to begin to tighten the ropes, and if so, just how tight should they be drawn.—B. C. DeLoach, Credit Manager, Loveman, Joseph & Loeb, Birmingham, Ala.

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The most important credit problems for 1942 are the proper control of credit and the close follow-up of collections. Of the two, collections is the more important, because income taxes have increased and there will be more people who will have to pay taxes which will make it more difficult for many people to pay their bills promptly. This will also offer an excellent excuse for those who are looking for an alibi for not paying their bills.—H. J. Burris, Credit Manager, John Taylor Dry Goods Co., Kansas City, Mo., First Vice-President, N. R. C. A.

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The most important credit problem confronting the credit granter for 1942 is the rechecking of every credit risk in the light of changed conditions. In spite of the general uptrend in business, high taxes, priorities in employment, and the completion of some of the early phases of the defense projects, will have their effect on our customers.—Morris Guberman, President, Kaufman's, Colorado Springs, Colo.

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In areas that are feeling the impetus of defense spending, the credit granter must exercise the utmost caution, not only in relation to permanent residents whose incomes are temporarily inflated, but also to newcomers, whose employment is of a contingent character. However, regardless of the stringent measures that we employ to reduce the risk to a minimum, a credit policy must be flexible to an extent that will probably produce a high percentage of losses in a future period. In this connection, a policy that seems wise, and one that the government should condone, is to increase the reserve against bad debts, thereby anticipating the inevitable period of recession.—E. M. Barker, Credit Manager, The Mode, Washington, D. C.

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Educating the public to live more economically during these times of emergency by not obligating themselves beyond their immediate needs, is the most important problem for 1942. The credit granter should help in this objective by proper control of each account.—C. Jensen, Credit Manager, The Crews-Beggs Dry Goods Co., Pueblo, Colo.

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Controlling the account is the most important retail credit problem in 1942. Thousands of people have been employed in different businesses, where earnings are small and steady employment is uncertain. This type of person would have hesitated to ask for an open credit account. Now they have a good earning capacity doing defense work, a job entirely foreign to their previous occupations. When their present income is suddenly reduced to their former scale, a method for controlling the account is most essential.—W. G. Cassmeyer, Credit Manager, Merchants Ice & Coal Co., St. Louis, Mo.

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There is a tremendous migration going on. Thousands are moving, and they are all credit users and want quick service. Many of these people were jobless before the present emergency, and all are being transferred or changing jobs. We must give them service, and our big credit job for 1942 is to do it wisely.—J. R. McKee, Credit Sales Manager, The Palace Clothiers, Tulsa, Okla.

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Credit inflation is the most important problem. Taxes will undoubtedly take an increasingly larger proportion of all earnings. Living costs are rising much faster than salaries. Wage earners are having boom times, but with no certainty how long this condition will last. The reaction is certain to come; a conservative policy now will save many a headache later.—W. C. Durham, Credit Manager, R. E. Kennington Co., Jackson, Miss.

The most important credit problem for 1942 will be to devise new ways and means of keeping good accounts active, since Regulation W will not permit us in every case to invite add-ons without down payment.—F. J. Redding, Credit Manager, The J. W. Rowlands Co., Lima, Ohio.

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There are many problems which cannot be classed as No. 1, 2, or 3, or in their sequence, but the tax problem, both Federal Income and State taxes, will be a problem for all credit granters. A majority of the taxpayers will not recognize their liability until time for the first quarter payment. The second problem will be the ability of the credit bureaus of the nation to handle reports and cope with the situation, due to shifting of population, from project to project. The third problem will be the credit executives' ability of maintaining his organization, due to the government and defense projects competing for his employees who are paying high wages for what may be temporary work.—J. B. Haberer, Credit Manager, Boston Store Dry Goods Co., Fort Smith, Ark.

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The credit base in retail selling has been enormously expanded during the past year due to the defense program. The most important credit problem, therefore, is the judicious control of credit extension to the large new contingent of credit seekers. Under present conditions and with a view to the future, the prompt collection of monthly accounts is of paramount importance.—I. Rudin, Credit Manager, Rich's Inc., Atlanta, Ga.

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The outstanding credit problem for 1942 will be the retarding of collections due to the large income tax which will confront almost every citizen on March 15, and the resulting restriction in purchasing. This anticipated collection difficulty may be somewhat alleviated by educational advertising, particularly in the months of January and February, to bring the attention of customers to the desirability of prompt payment of charge purchases.—H. W. Hoklas, Credit Manager, The Young-Quinlan Co., Minneapolis, Minn.

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During these times when business is good and salaries are increasing, accounts are increasing daily in size. We must keep an eye on the ones which start to pyramid. Those who were in credit work during the first World War will remember that the hard accounts to liquidate provided the real headaches.—C. R. Stowell, Credit Manager, T. S. Martin Co., Sioux City, Iowa.

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In these times it is hard to predict the most important credit problem for 1942. If we will all do the following, I am confident that we will be able to look back with pride to our accomplishments:

1. Refer back to the Community Credit Policies that were adopted a few years ago, and practice the sound policies that were set forth then. They are still sound.

2. Cooperate 100 per cent with our national government in all its efforts to help prevent inflation.—G. A. Marbach, Credit Manager, City Water Board, San Antonio, Texas.

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The most important problem confronting the credit granter for 1942 is the granting or refusal of credit to a soldier or his dependents. It seems drastic to refuse anything to the armed forces, yet we are told by military authorities that soldiers' and dependents' allowances provide only sufficient income on which to live.—N. F. Turner, Credit Manager, Danforth Radio Co., Ltd., Toronto, Ontario, Canada.

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We are endeavoring to stay just as close to the shore on extending credits as we possibly can. We are not encouraging or soliciting any charge business if the account cannot be paid in full in three months. Likewise, we are not encouraging people to buy any merchandise that they do not actually need; nor are we buying more than we think we can sell at a fair profit.—Henry Martin, Credit Manager, Halliburton's, Oklahoma City, Okla.

(Continued on next page)

The most important credit problem for 1942 will be working together with the Federal Government in the regulation of credit instead of having them regulate us without our counsel and advice.—Harold A. Wallace, Manager, Credit Bureau of Will County, Inc., Joliet, Ill.

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The most important credit problem is that of teaching credit executives to clear all accounts through credit bureaus; both new accounts and the old accounts that have not been used for some time. Where sufficient information is not available, a special written report should be requested. If credit men could be educated to invest a small sum for their credit information, they would be better off financially, instead of taking chances without getting full credit information before starting an account.—Philip J. Murphy, Manager, Credit Reporting Bureau, Worcester, Mass.

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I think a sane credit policy never needs material change. It does seem to me, however, that most of us tend in the wrong direction regarding collections. It is my feeling that in good times when money is rather free we should collect closely, and for that reason I think special attention should be given collections this coming year.—J. Hardin Ward, Credit Manager, The Stewart Dry Goods Co., Louisville, Ky.

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The problem which will cause us the greatest concern for the immediate future and the post-war period is the shifting of people from one location to another. The defense operations are causing the greatest migration from one section to another that we have seen in many years. We are placing accounts on our books which may be there six months to a year, and then we will find the customers have returned to their original locations. A change then in their economic conditions may leave us 'holding the bag' on many of these accounts. We are now facing more peculiar conditions than ever before in the credit profession. There is always the problem of keeping accounts within reasonable limits so that they may be as liquid as possible. We should not be too ambitious in accepting accounts now which in normal times would be considered undesirable.—Lenville Parker, Credit Manager, George Muse Clothing Co., Atlanta, Ga.

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War booms are hazardous. The general class of people who are usually headaches to credit granters now have money and are spending it freely. Therefore, as business is governed to a great extent by credit granters, we should allow the reins of credit a little more slack. Volume is essential in all business just as big credit losses play havoc with net profits. The problem is how much slack to allow.—R. W. Webb, Webb's, Jackson, Miss.

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The big question confronting credit men today is what effect will increased income and other taxes have on their customers? From now on, it behooves credit executives to keep their customers' interests in mind, particularly where it is evident that they are going to have an income tax to pay for the first time or a higher income tax to pay during 1942. The least they can do is to keep the situation definitely in mind and advise with customers from time to time as to their financial status.—Warren Taliaferro, Office Manager, Dreyfuss & Son, Dallas, Texas.

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The most important credit problem confronting the credit granter for 1942 is the possible further controlling of the consumer's purchasing power. Credit granters should, through a proper committee of store owners, merchandising managers and credit granters, endeavor to offer some control suitable to the whole body of retailers in lieu of any further possible restriction by the government.—F. A. Whitten, Credit Manager, John A. Brown Co., Oklahoma City, Okla.

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It is our job to get all the business we possibly can during the immediate future, on a sound basis, so that our bad debt losses will be kept at a minimum. We must start in 1942 to plan for a post-war period. Credit standards must be raised. Any terms offered to the public will work out satisfactorily if we:

1. Are sufficiently restrictive to eliminate bad risks.
2. Discontinue the acceptance of borderline cases.
3. Shorten the terms of the contract.
4. Eliminate competition of credit terms.
5. Start collections earlier.

—S. L. Weisskerz, Credit Manager, The Union Co., Columbus, Ohio.

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The most important problem confronting the credit granter is the overloading of accounts. This is due to the fact that a great many people who have been receiving small wages have now had an unusual increase in their earnings and are anxious to charge large amounts. It will be up to the credit granter to watch these accounts closer each month.—H. O. Wrenn, Credit Manager, Nebraska Clothing Co., Omaha, Neb.

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Accounts receivable collections will be the greatest problem. The credit manager will have his hands full starting in March or April and continuing the balance of the year; particularly he who did not scrutinize Christmas business as it was put on the books in order to ascertain the newcomers and the recently employed. I believe this will be the case for four reasons:

First, the people who have the money anticipated their purchases so that they would buy very little after the first of the year.

Second, the people who are now making money will not pay the advanced prices.

Third, there will be a number of people out of employment due to priorities. Quite a few of these are high paid salesmen and salesmanagers who know nothing about other types of defense work.

Fourth, when Uncle Sam sends the income tax statements and after figuring out what they owe, they will be surprised and will spend the balance of the year catching up. Therefore, they will not be in a position to pay their accounts.—H. E. Wilson, Credit Manager, Gimbel Brothers, Pittsburgh, Pa.

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The most important problem confronting credit granters during 1942 is the possibility of unemployment due to dislocations because of the application of priorities. With this, heavy taxes, and the general conditions in view, it is particularly well for us to bring and keep accounts in as current a condition as possible.—C. C. Kortz, Credit Manager, The Higbee Co., Cleveland, Ohio.

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Through the development of interchange among credit bureaus, the greater emphasis being placed on antecedent records, the trail of bad debts of the professional dead beat has been minimized. Skip losses are an increasing percentage of our annual profit and loss. The Democratic national regime of the past decade has given us social security records and military conscription records. Would it not be well that a campaign be started in 1942 to make these addresses available to all? Of course, this will be a long cry when we reflect that collection departments are now being discriminated against by the post office in checking lists in favor of advertising departments.—H. M. Tobolowsky, Credit Manager, E. M. Kahn & Co., Dallas, Texas.

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The most important credit problem confronting the credit men of America for 1942 is the proper control of accounts receivable. War and all it implies makes it mandatory for all credit men to become C-Men (counselors, custodians and controllers of their respective businesses). The proper control of receivables under present and future conditions will, in effect, install the credit man as the most important cog in the machination of any business enterprise. As the seamanship of our Navy shall bring about eventual victory to America, so shall the C-manship of our profession bring about profitable operations in the business world.—Jos. A. White, Vice-President, Harris Stores Co., Pittsburgh, Pa.

Three Successful Credit Schools

Pictured below are three successful Credit Schools which were organized during the year. The first one shows the students of the 8th annual study course of the Oakland Chapter of the N. R. C. A. The course was conducted with the cooperation of the University of California, and had an enrollment of 158. Harry L. Bunker was Chairman of the Credit School Committee.

The center picture shows students attending the 8th lecture of the Oklahoma City Retail Credit Association's 1941 Credit School. Over 140 were registered in this School.

At the bottom is a photo of the Muncie, Indiana, Credit School which had 50 students. This School was supervised by the Distributive Education Division of the Muncie Public Schools in cooperation with the Muncie Credit Bureau. Floyd J. Habein, Manager of the Bureau, was instructor of the School.

These are only three of the 153 Credit Schools sponsored by the N. R. C. A. since 1939. Since then, 9,945 students have purchased our textbook *Retail Credit Fundamentals* by Dr. Clyde Wm. Phelps. Our textbook *Streamlined Letters* by Waldo J. Marra has been used by 3,991 students.

You too can organize a successful Credit School in your City. Write the National Office for Brochure which gives details on how to proceed.

November, 1941 The Collectio

DISTRICT	CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)					
		1941			1940			1941			1940			1941			1940			1941			1940		
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
	Boston, Mass.*	—	—	—	48.6	53.4	48.5	—	—	—	14.8	15.3	12.1	—	—	—	52.7	74.9	40.0	—	—	—	—	—	—
1	Lynn, Mass.	56.5	57.8	48.1	55.0	58.4	45.7	35.6	37.9	33.3	40.1	45.3	34.9	—	—	—	—	—	—	22.6	25.2	20.0	19.9	25.6	14.2
	Springfield, Mass.	62.9	65.9	60.0	59.8	65.7	54.0	17.9	18.0	17.8	15.1	18	11.8	—	58.0	—	—	61.0	—	—	—	—	—	—	—
	Worcester, Mass.	51.1	52.8	49.5	50.2	52.2	48.2	—	24.1	—	—	22.5	—	45.1	46.8	38.0	45.8	51.7	36.0	—	—	—	—	—	—
	Providence, R. I.	50.7	81.8	42.4	49.1	75.8	45.6	—	—	—	—	—	—	—	—	—	—	—	—	—	12.2	—	—	11.3	—
	New York City	49.3	56.8	39.1	55.8	56.8	45.6	20.7	30.2	13.3	18.5	31.7	12.3	46.9	56.5	42.4	53.8	56.3	47.0	—	—	—	—	—	—
2	Syracuse, N. Y.*	—	—	—	46.8	54.6	44.0	—	—	—	16.5	21.7	14.4	—	—	—	—	48.3	—	—	—	—	—	—	—
	Pittsburgh, Pa.	47.6	54.1	41.1	46.2	53.4	34.7	17.7	21.3	13.2	17.6	22.4	13.3	47.2	54.1	41.1	46.4	53.4	34.7	—	—	—	—	—	—
	Reading, Pa.	—	58.4	—	—	58.0	—	—	—	—	—	24.1	—	—	51.0	—	—	53.0	—	11.0	12.0	11.1	—	11.7	—
	Washington, D. C.	42.7	47.9	37.3	46.2	52.6	34.0	15.7	20.7	12.7	15.0	19.0	12.6	—	—	—	—	—	—	—	—	—	—	—	—
3	Baltimore, Md.	44.9	52.3	37.9	46.5	56.6	38.1	21.6	32.0	15.6	20.3	27.5	14.3	39.3	40.2	38.2	43.1	45.5	41.0	—	—	—	—	—	—
	Huntington, W. Va.	—	—	—	—	61.0	—	—	—	—	—	14.9	—	—	29.7	—	—	33.4	—	—	12.1	—	—	9.2	—
4	Birmingham, Ala.	44.3	48.4	38.8	46.6	57.8	37.5	16.4	18.6	13.5	17.3	19.1	14.4	47.3	57.8	41.2	58.0	61.0	54.0	12.1	13.5	10.5	11.1	11.9	9.5
	Atlanta, Ga.	34.7	37.2	30.0	34.5	39.3	28.3	12.5	13.9	10.5	12.8	13.4	11.5	32.5	38.0	26.4	32.8	38.0	26.9	10.2	10.2	10.2	10.4	10.4	10.4
	Little Rock, Ark.	40.7	42.1	39.3	41.0	41.7	40.3	23.3	30.4	16.3	—	17.3	—	—	43.5	—	—	44.1	—	—	—	—	—	—	—
5	Kansas City, Mo.	64.0	72.3	51.6	70.4	74.9	56.3	19.5	20.0	19.0	17.7	20.4	15.0	52.0	56.5	42.7	54.0	55.1	46.2	—	—	—	—	14.0	—
	St. Louis, Mo.	58.3	69.3	51.4	57.8	66.8	52.6	20.6	26.8	17.4	19.1	23.5	16.8	—	—	—	51.2	58.4	42.0	—	19.7	—	—	19.3	—
	Louisville, Ky.	54.6	70.4	38.2	54.6	63.1	43.5	15.6	17.6	14.3	16.3	18.0	14.6	44.3	50.1	41.1	47.9	56.6	40.3	—	14.0	—	13.8	14.0	13.6
	Detroit, Mich.	57.4	69.7	48.3	58.7	72.6	48.4	24.1	28.0	18.3	26.1	37.6	16.6	48.7	52.1	44.9	53.4	59.7	51.0	—	—	—	—	—	—
	Grand Rapids, Mich.	51.4	57.1	45.5	49.5	51.2	48.1	19.1	19.1	19.1	19.8	20.7	18.9	48.6	60.7	38.0	62.0	100.8	41.9	20.8	26.9	14.9	17.9	22.4	12.5
	Cincinnati, O.	57.8	63.1	54.4	60.8	66.7	54.8	16.4	22.0	12.6	17.9	25.5	13.1	53.0	64.3	46.7	51.4	60.0	45.6	—	—	—	—	—	—
6	Cleveland, O.	56.5	62.2	49.5	51.2	57.4	48.5	23.0	26.0	16.5	21.5	25.2	16.3	43.3	48.1	37.1	44.3	48.2	41.7	11.7	18.8	10.0	10.2	14.0	10.0
	Columbus, O.	52.5	57.5	47.6	48.7	58.6	44.2	15.4	17.1	13.7	13.2	14.2	12.3	49.0	52.6	38.6	54.0	57.5	50.6	12.3	39.0	11.6	11.0	39.0	10.5
	Toledo, O.	48.9	62.5	46.8	51.1	60.1	46.5	17.8	21.4	13.5	17.1	21.3	13.7	45.3	48.0	45.2	45.5	55.4	43.0	—	—	—	—	—	—
	Youngstown, O.	51.3	52.6	50.0	52.5	55.3	49.7	16.9	18.2	15.6	17.2	17.9	16.6	—	—	—	—	—	—	—	—	—	—	—	—
	Milwaukee, Wis.	54.4	60.8	49.7	53.0	60.6	50.1	21.1	22.4	20.4	19.5	20.8	18.0	48.3	52.7	35.9	44.4	52.5	32.4	15.3	18.3	11.7	11.3	13.5	10.0
	Cedar Rapids, Ia.	59.6	63.5	52.0	57.0	57.6	42.0	21.8	24.0	19.6	20.5	21.0	20.0	—	—	—	—	—	—	—	—	—	—	—	—
	Davenport, Ia.	57.1	59.0	55.3	55.7	56.0	55.4	—	16.5	—	13.8	15.4	12.3	—	—	—	—	—	—	—	21.0	—	21.3	23.2	19.4
	Des Moines, Ia.	45.5	50.7	43.8	47.9	48.5	45.6	—	11.9	—	—	11.0	—	46.6	59.0	45.0	53.2	61.7	40.0	—	—	—	—	—	—
7	Sioux City, Ia.	44.6	47.9	43.8	46.3	47.6	41.4	17.7	22.6	16.6	16.4	21.1	15.2	—	43.0	—	—	43.5	—	—	18.9	—	—	—	—
	Minneapolis, Minn.	65.0	65.9	64.2	67.8	70.5	66.3	19.6	22.0	15.1	19.3	22.0	14.4	63.1	65.0	61.1	63.5	65.0	62.0	—	10.8	—	—	10.3	—
	St. Paul, Minn.	52.7	60.7	47.3	54.9	59.3	48.1	26.4	46.8	17.7	21.7	27.6	14.5	47.1	56.0	37.0	45.7	52.2	41.0	—	—	—	—	—	—
	Omaha, Neb.°	—	45.7	—	—	46.6	—	—	11.8	—	—	11.8	—	44.9	45.0	44.8	44.2	47.2	44.6	—	—	—	—	—	—
8	Tulsa, Okla.	59.7	63.5	50.0	55.5	60.9	48.5	18.5	22.1	13.0	19.8	25.6	11.9	54.1	57.2	52.0	48.0	51.0	42.0	—	—	—	—	—	—
	San Antonio, Tex.	41.0	43.0	36.0	41.4	45.1	37.8	—	—	—	10.7	12.4	9.1	41.0	47.0	35.0	48.9	55.4	45.4	11.0	12.0	10.0	11.2	14.0	9.0
	Denver, Colo.	46.8	48.9	45.1	45.5	46.3	42.3	15.1	17.9	11.5	14.6	20.5	12.0	46.0	47.0	45.1	45.5	46.1	44.9	10.7	12.5	8.9	9.9	10.9	8.9
9	Salt Lake City, Utah	59.8	64.8	56.8	63.2	66.2	60.1	20.0	20.9	18.7	29.8	41.9	23.6	—	—	—	—	—	—	—	—	—	—	—	—
	Casper, Wyo.	—	112.9	—	—	110.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Portland, Ore.	43.6	46.0	38.0	39.3	61.3	38.0	14.9	16.2	12.7	14.0	15.5	12.7	42.7	44.6	39.5	46.5	49.8	39.1	—	—	—	—	—	—
	Spokane, Wash.	47.7	55.2	40.3	49.3	54.3	44.3	13.0	14.8	11.2	11.3	12.5	10.1	59.0	79.7	51.3	55.0	81.6	43.0	—	—	—	—	—	—
	Los Angeles, Calif.*	—	—	—	62.0	68.6	48.9	—	—	—	17.5	18.2	16.5	—	—	—	49.6	61.1	44.9	—	—	—	—	—	—
11	Oakland, Calif.	52.1	53.3	49.9	52.3	57.6	51.4	17.2	27.5	16.9	14.9	26.7	14.0	44.0	52.6	35.5	42.4	50.3	34.6	—	20.3	—	—	18.8	—
	San Francisco, Calif.	43.9	56.7	38.0	44.9	56.7	38.9	17.2	22.0	14.0	19.9	23.3	15.5	37.0	37.9	27.3	34.0	38.7	29.3	—	—	—	—	—	—
	Santa Barbara, Calif.	49.5	56.2	42.7	50.0	62.1	35.9	—	—	—	—	—	—	46.2	48.9	42.4	47.8	50.8	42.8	—	—	—	—	—	—
	Vancouver, B. C.	—	59.5	—	58.3	64.8	51.9	—	19.5	—	22.3	23.8	20.7	—	44.0	—	—	49.0	—	—	18.0	—	19.5	22.0	17.0
12	Victoria, B. C.	71.3	78.6	64.0	67.8	69.3	66.3	22.6	27.1	18.2	21.8	24.7	18.9	—	—	—	—	—	—	—	—	—	—	—	—
	Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

*1941 figures not received at press time
°Installment
[1]Furriers
[5]Lumber
[6]Paper and Paint
[7]Fuel
[8]Cleaning and Dyeing
[10]Artists' Supplies

FORTY-EIGHT KEY CITIES COOPERATING WITH THE RESEARCH DIVISION--IN THE U

io Scoreboard November, 1940

…ES	JEWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
	…41		1940			1941			1940			1941			1940			1941			1940			1941			1940		
LO.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
—		—	66.4	67.6	65.2	—	—	—	—	56.3	—	—	—	—	—	61.1	—	—	—	—	—	—	—	—	—	—	68.4	71.0[23]	52.0
14.2	.5	—	—	24.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52.9	—	—	37.8	—	63.5[7]	76.6[7]	60.4[7]	54.0[7]	96.8[7]	53.6
—		—	—	—	—	—	—	—	—	—	—	—	65.6	—	—	64.5	—	—	—	—	—	—	—	54.4	55.0[5]	53.9[7]	56.9	68.0[5]	45.8[7]
—		—	—	—	—	—	40.9	—	—	37.0	—	—	51.5	—	—	58.4	—	—	69.5	—	—	59.1	—	64.5	87.0[16]	57.0[5]	63.8	82.0[16]	48.0
—		—	—	—	—	—	50.0	—	—	51.3	—	—	63.9	—	—	60.6	—	—	—	—	—	—	—	61.0	72.0[14]	50.0[7]	54.5	67.0[14]	42.0[7]
—		—	—	—	—	45.3	45.5	40.0	46.8	57.0	44.3	—	—	—	—	—	—	—	—	—	77.8	90.0	65.7	65.4	93.6[14]	49.2[19]	64.9	86.2[14]	39.0[16]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	44.5	—	—	—	—	—	—	—	—	—	—	48.0	56.8[5]	47.1
—	9.2	38.3	54.5	75.8	33.3	—	—	—	—	—	—	55.1	63.0	47.2	55.3	60.7	49.9	—	—	—	—	—	—	75.2[13]	75.2[13]	75.2[13]	79.1[13]	79.1[13]	79.1[13]
—		—	—	12.5	—	46.1	53.7	38.5	44.9	51.5	38.4	—	35.5	—	—	35.5	—	—	—	—	—	—	—	52.2	55.9[16]	52.1[5]	46.0	49.5[5]	44.9[16]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	41.1	44.8	38.6	38.7	39.9	37.3	45.5	54.2	40.0	45.8	51.7	42.0	—	—	—	—	—	—	—	—	—	—	—	—
—	34°	—	—	11.5°	—	—	42.6	—	—	40.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9.5		—	—	—	—	43.6	49.2	40.0	44.9	47.2	43.0	—	—	—	—	—	—	77.5	80.0	75.0	77.1	81.3	73.0	79.1[14]	83.0[14]	73.2[14]	69.2[14]	80.0[14]	50.0[14]
10.4		—	—	—	—	35.4	38.0	32.9	37.9	39.7	36.2	42.0	42.0	42.0	42.0	42.0	42.0	—	—	—	—	—	—	50.2	50.2	50.2	53.1	53.1	53.1
—	.0	—	—	22.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	78.0	—	—	—	—	—	58.0[19]	—	65.6	81.3[7]	50.0
—		—	—	—	—	52.0	56.5	42.7	54.0	55.1	46.2	—	56.5	—	—	50.8	—	—	74.9	—	—	75.6	—	64.1	95.3[14]	25.6[5]	58.8	93.0[16]	24.3
—		—	—	—	—	42.0	46.5	38.7	40.2	44.4	37.7	—	—	—	—	57.0	—	—	—	—	—	—	—	—	—	—	—	48.3[7]	—
13.6		—	—	—	—	—	38.4	—	41.2	41.8	40.6	—	49.0	—	—	49.0	—	—	—	—	—	—	—	50.0[6]	55.0[6]	45.0[6]	44.2[6]	46.0[6]	42.0
—	.0	—	60.7	86.5	35.0	—	—	—	—	—	—	60.3	62.4	56.9	57.0	62.0	48.4	—	—	—	—	—	—	—	—	—	—	—	—
12.5		—	—	—	—	59.1	79.0	47.0	56.9	73.0	47.7	—	—	—	—	—	—	—	—	—	—	—	—	64.7[7]	74.0[7]	47.0[7]	82.7[7]	99.5[7]	49.5
—	2.1	44.4	59.3	69.1	49.5	50.3	58.4	42.2	—	56.8	—	62.5	71.7	53.3	64.0	71.9	56.1	—	—	—	—	—	—	59.4	70.8	52.5	65.9	72.7	60.0
10.0	5.6	30.0	36.4	59.0	32.2	45.9	68.1	43.1	44.9	61.8	42.1	—	—	—	—	—	—	—	—	—	—	—	—	57.9[25]	68.8[25]	46.0[25]	50.3[25]	62.3[25]	44.7
10.5		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	4.1	30.0	42.0	53.1	31.0	41.4	41.6	41.3	43.5	44.9	42.1	—	—	—	—	—	—	—	—	—	52.0	78.5	46.0	74.3	77.0[1]	71.6[8]	65.1	71.2[8]	59.0
—		—	—	—	—	54.2	57.8	50.4	55.5	61.6	46.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10.0	.2	22.5	35.9	51.1	20.7	51.1	53.1	49.0	51.1	52.0	46.0	—	48.4	—	—	48.5	—	—	—	—	—	—	—	—	48.0[1]	—	—	72.0[1]	—
—		—	—	—	—	63.4	70.1	56.8	51.3	58.9	43.8	—	64.0	—	—	59.0	—	—	—	—	—	—	—	—	68.1	—	—	62.1	—
19.4	35.0	—	—	30.0	—	—	53.5	—	51.7	52.4	51.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	57.0[19]	—
—		—	—	—	—	47.7	49.0	46.4	44.9	48.0	41.9	—	56.0	—	—	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	47.5	—	—	43.0	—	—	48.0	—	—	44.0	—	—	—	—	—	—	—	—	25.8[7]	—	—	25.3[7]	—
—	.0°	—	—	14.6°	—	50.5	62.6	44.3	44.5	46.1	42.9	—	65.6	—	—	62.7	—	45.3	69.8	20.8	46.9	64.1	29.7	65.6[7]	90.0[7]	38.0[7]	62.8[7]	79.8[7]	44.3
—		—	—	—	—	45.6	61.5	38.0	37.7	44.0	34.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	52.3	—	—	62.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	50.5	59.5	41.5	47.8	60.7	35.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9.0	9°	—	—	19.1°	—	—	49.0	—	—	40.0	—	—	51.0	—	—	52.1	—	—	—	—	—	—	—	—	—	—	—	—	—
8.9	5.5°	—	—	14.4°	—	44.4	47.0	41.9	44.1	46.1	42.1	—	42.2	—	—	41.0	—	—	—	—	—	—	—	—	78.5[5]	—	—	76.3[5]	—
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	.0	—	—	42.0	—	56.0	65.0	47.0	55.0	66.0	45.0	—	61.0	—	—	62.2	—	—	—	—	—	—	—	—	72.7[13]	—	—	76.7[13]	—
—	24.5°	15.1°	11.1°	21.0°	11.0°	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	10°	—	—	21.1°	—	43.2	49.0	37.5	—	39.2	—	—	—	—	—	—	—	—	—	—	—	—	—	63.9	79.0	58.0[19]	70.0	72.0[7]	48.0
—		—	—	—	—	—	—	—	51.0	59.5	48.5	—	—	—	54.0	55.0	49.2	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	46.2	47.2	45.3	49.6	52.0	47.2	51.4	51.4	51.4	—	46.0	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	36.7	43.6	35.7	40.2	43.3	34.5	49.3	88.8	40.6	50.6	58.3	42.9	70.0	74.7	65.4	69.8	71.7	68.0	—	—	—	—	—	—
—		—	—	—	—	55.4	72.2	41.1	53.4	61.1	44.8	49.0	55.9	44.9	46.7	59.0	39.5	—	—	—	—	—	—	49.2[13]	64.1[13]	56.4[13]	62.9	73.5[13]	52.1
17.0	2°	—	—	29.0°	—	—	63.5	—	52.0	59.0	36.0	—	—	—	—	—	—	—	—	—	73.5	79.0	68.0	71.1	88.0	68.0	72.6	82.4	61.0
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION, NATIONAL RETAIL CREDIT ASSOCIATION

Dyeing
es

[13]Grocery

[14]Stationery, Office Supplies
[16]Hardware

[19]Drugs
[23]Household Equipment

[25]Dental Supplies

ION--IN THE UNITED STATES AND CANADA--CONTRIBUTE THESE FIGURES MONTHLY

The Ninety-Day Payment Plan

T. F. Frawley, Jr.

Credit Manager, Oppenheim Collins
New York, N. Y.

The Ninety-Day Payment Plan was one of the greatest boons to the credit field in the last ten years. If we look back, in the earlier days of credit granting, when young people of modest incomes would come to our offices to apply for accounts, we would look at them and say: "Sorry, your income is too small." How much business was lost on those people is hard to say. Some did get credit from the door-to-door peddler who had his interest included in the price, and every week he would be around like the plague for his weekly payment.

While the sale of hard goods on the budget plan boosted the sales of a store (later on they went from hard goods to certain soft goods), this plan never fitted into the credit picture for those people who wanted an account without signing a lease contract and making a down payment every time they purchased, or being obliged to buy a certain amount before it could be added to their budget account.

Birth of the 90-Day Plan

Some type of account had to be devised which would bring in business from the strictly moral risks, and that account was the ninety-day charge account. When it was first introduced many people believed they could buy and pay at the end of ninety days. The result was that at the end of ninety days the amount was too large and slow pay resulted. While it seems almost unbelievable one store had a collection percentage on this type of account of about 17 per cent. In order to have the ninety-day account operate successfully, one-third of each month's charges must be paid on a given date in the month following date of purchase. This date is usually the 10th of the month, although it is the 15th in many instances, with some on the 25th. It is better to set the due date on the 10th, if possible, as it gives plenty of time to send out two reminders before the month is over.

The ninety-day charge account has been called all sorts of pet names: Special Three-Pay Plan, Christmas Budget Account, Easter Budget Account, Club Account, Junior Account, and many others. We call ours "The Budget-Aid Account"—an aid to the budget.

The ninety-day account can be a help to a store if operated correctly, or it can be a headache if not. When an application is taken it should be learned whether the person is living at home with parents, or boarding or rooming out. This is important because if the salary is small, and most of them are, collection is easier from those living at home as their expenses are, in most cases, very small. The person who rooms out must pay for rent and food, plus a few luxuries, and there is very little left over to pay bills. We, therefore, extend a larger amount of credit to those people living at home, provided, of course, that the parents do not have to depend financially on the person applying for the account.

Another phase to watch is that the person does not have too many of these accounts to handle, as it is the easiest thing in the world to say "charge it." But what happens on the first of the month! The monthly payments for several stores stagger the person and one or two get paid to date, and the rest wait, or else each receives a small part payment. I have found that in most cases when one month is not paid it is very difficult to pay two months at once. Of course, if it is only a few dollars the case is different, but even then a few dollars here and there for a person living away from home makes it very difficult.

Some Do's and Don'ts

It is also wise to see that the person has steady employment and has been in the one job for at least a year or longer. In some cases they are there only a month or two but have left the previous job to improve themselves, and had been in prior employment for some time. The people to be wary of are those who work here a short time and there a short time, and have never been in any one place for over six months. These are the types you are sure to have trouble with because they are unemployed quite a bit of time.

You will have skips in this type of account, but not as much as in the regular thirty-day account. It is a good idea to get the name and address of parents or relatives as it will be a benefit later in locating your customer in case he moves and forgets to give his new address. While the ninety-day charge account is a convenience to the modest income group, be sure all applicants are 21 years or older. If not, pursue your usual course of a guarantor.

When you have completed your credit information and have decided to open the account, place as large a limit on it as you think the person will be able to handle. When notifying him that the account is open, tell him the limit and repeat the terms of the account. While the interviewer has informed him of the terms and the application has them printed on it, they are not always understood. I have known customers to send in one-third of the bill and be amazed when they receive a dun for the balance. As soon as the opening letter is sent, set up your authorizing index, but do

not put the limit on it. It is merely an indication of what kind of account it is.

All authorizing should be done direct to the ledger card, and pencil notations of the date and amount passed should be noted on the side of the ledger. In this way you will know if the account is within the limit placed upon it by adding the pencil notations to the open balance. Also at the time of opening the account, we make a ledger card for the bookkeeper and a collection card for the follow-up of the account. All 90-day charge accounts should have the special collection card which is much different from a regular collection card inasmuch as the month's purchases are noted in one place and it is broken down into three monthly payments. This card is good for twelve months. If the person buys each month, the amount of the payment will vary with the one-third of each month's charges added to the next month's payment. For instance, if a person buys $30.00 in January, she is to pay $10.00 in February, $10.00 in March, and $10.00 in April. If in February she pays the first $10.00 and buys $30.00 more, the first $10.00 due in March is added to the other $10.00 due in March on her February purchases, and she pays $20.00 in March; the same in April, and $10.00 in May, etc.

As the risk is on a purely moral basis with a modest income, the declined ratio will vary with the type store and customer. During 1940 our declined accounts varied from 2.2 to 9.1 per cent. In June and July the rate of decline was at its peak due to the solicitation of new customers, but during the other ten months the rate ran about 3 to 5 per cent. So far this year our declined accounts varied from 1.7 to 9.0 per cent.

This rate of declined accounts would not hold true in men's shops where the rate is considerably higher. To start with, the initial cost of the article is higher and in many cases the man is making a very modest salary, and either has dependents or is not a good credit risk morally.

When you have advised the customer of the limit on the account, do not think that your overlimit problems have been eliminated. We find that from 30 to 35 per cent of the customers run consistently over the limit. Some are slightly over and others run from 50 to 100 per cent over. If an account exceeds the limit by $10.00 we send the customer our overlimit letter asking for a payment to reduce the account below the limit before buying further. We are continually revising limits and increasing them where the payment record has been good. While we have a fairly tight control of accounts, there is always the possibility of purchases delivered on the floor without an okay from the Credit Office. When people charge purchases on the floor we do not question them as to what type account they have. It is assumed that it is a regular thirty-day account and merchandise is delivered up to $10.00 with identification. If a person volunteers the information that it is a Budget-Aid account, then that sale is authorized by the office.

GRIN AND BEAR IT —*By Lichty*

"An Installment Collector?—Why, I thought the President outlawed you!"
—Courtesy, St. Louis Post-Dispatch.

We do not advertise the ninety-day account and yet each month we open more accounts than the previous month. We receive many of our applications from persons who have heard that we carry this type account, and from others who have been recommended by satisfied users of this Plan. One of the easiest ways to get new business on Budget-Aid accounts, we find, is to solicit these accounts within a month after they have paid up. These are the people who know our store, having just finished paying for a coat or a suit over a period of time. We are sure they like our store, so we do not have to sell them the idea of what a fine place it is in which to shop. We often receive 50 per cent returns on a first letter to these people, and subsequent letters bring in more. Another thing about the ninety-day account, whether solicited or applied for, every account is always in use and there is very little inactivity.

It often happens that a customer will be paying for a coat over a period of months and will come in and charge a hat, dress, shoes, etc., just as though she had an open account. If the credit responsibility is fairly good, we authorize the charges and open a ninety-day account. We then write the customer that we have done this and explain the terms to save confusion later.

It has also happened that a customer will apply for a regular charge account, and if from the information we receive we think it is light, we automatically open a ninety-day account and write her to that effect, advising of the limit and terms. If at the time of interview it looks light, we sell the customer on the idea of the ninety-day account. So far in five years we have had only two people question us about the ninety-day account when they had applied for a regular account, and we soon straightened them out by talking frankly to them about their income.

We have had about eight to ten regular accounts ask for the ninety-day plan and these were slow on the regular account so that even with one-third due each month they ran one to three months and more slow. One of these we finally had to give to an attorney to collect. It has also been our practice, when a ninety-day customer pays promptly and charges large amounts, to automatically transfer it to a regular account and write a nice letter explaining the plan. Many people have a habit of paying in full every thirty days so it eliminates the refiguring of the bill.

The one drawback to the ninety-day plan is that before the bills go to the customers they must

(Turn to page 30.)

Meetings ELECTIONS NEWS ITEMS Personal and OTHERWISE

Anniversary at Revelstoke

The Revelstoke Credit Bureau, Revelstoke, B. C., celebrated its second birthday with a dinner November 20. The bureau has been under the management of George Patrick, who is also manager of the Revelstoke Agencies and secretary of the Junior Board of Trade. The guest speaker was Douglas Southworth, manager of the Nelson-Trail Credit Bureau, Trail, B. C., a former resident of Revelstoke.

Reprints Available

Reprints of the article which appeared in the November issue entitled, "Customer Reaction to Credit and Collection Procedure," by D. W. Pearce, are available from the National Office. Prices: In quantities up to 500, 2 cents each; 500 and above, 1½ cents each.

Chattanooga Bureau Publicized

The *Chattanooga Evening Times* included a full page in its November 22 issue, entitled " 'Charge It Please'—City's Credit Bureau Handles 650,000 Accounts." The story was written by a staff writer of the *Times* and explained how the bureau operates locally and its relation with other credit bureaus throughout the United States.

• Above is a picture of National Officials making plans for the 30th Annual Conference and Credit Sales Forum at The Roosevelt Hotel, New Orleans, recently. The Conference will be held at the Roosevelt, June 15-18, 1942. Left to right are: L. S. Crowder, General Manager-Treasurer, and D. D. Bolen, President, N. R. C. A., Stanley Kemp, General Convention Chairman, Retail Credit Association of New Orleans, Inc., and Roy Bartlett, Convention Manager, The Roosevelt Hotel, New Orleans.

Coming District Meetings

Districts Three and Four (Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee) will meet April 13, 14, and 15, 1942, in Knoxville, Tennessee.

Districts Five and Thirteen (Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin [except Superior], and Ontario, Canada) will meet February 15, 16, 17, and 18, 1942, in Grand Rapids, Michigan.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will meet in St. Paul, Minnesota, at the Hotel Lowry, February 15, 16, and 17, 1942.

District Seven Conference has been canceled due to the National Emergency and their activities will be included with our National Convention, June 15-18, 1942, at New Orleans.

District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) will meet February 8, 9, and 10, 1942, in Pittsburgh, Pennsylvania, at the Roosevelt Hotel.

C. E. Moore

Clarence E. Moore, 75, Secretary-Treasurer, Charles A. Stevens & Sons, Chicago, for the past 59 years, died November 27. He had not been active in recent years. He was long known as the dean of State Street credit men. He is survived by his widow, two sons and a daughter.

A New Application Form

A new combined application and conditional sales contract form has been designed by A. C. Wehl, Credit Manager, Gimbel Brothers, Inc., Milwaukee, Wis. It is printed in duplicate and this form is perforated; the upper half is sent to the Credit Bureau, the lower half is the customer's copy. It is designed to meet all requirements, particularly Regulation W. There is ample space for the description of the merchandise, price, and terms of sale. It obviates the necessity of separate forms. Mr. Wehl has found that it is convenient and saves a great deal of time. For a sample copy write Mr. Wehl direct.

Help Wanted

YOUNG LADY—Capable secretary who is also experienced in taking applications in credit department and customer relations. Permanent position. Modern specialty store located in progressive southern city of 100,000. Negotiations confidential. Address Box 13, CREDIT WORLD.

Dairy and Bakery Group Sessions at Districts Five and Thirteen Convention

According to the number of inquiries and the interest displayed, the Dairy and Bakery Group sessions will be the largest attended and most interesting at the convention of the Fifth and Thirteenth Districts of the N. R. C. A. The convention will be held in Grand Rapids, Mich., on February 15-17, the city in which the Allied Milk Dealers' convention is held annually. The Fifth District was the first to hold Dairy Group sessions and wishes to make this the largest in their history.

Lewis Skinner, William H. Roberts and Sons, Inc., Indianapolis, Ind., the chairman of the group, is arranging an interesting program. In addition to the open forum sessions, several interesting papers will be read. He has received inquiries from all sections of the two districts. He will be glad to send a copy of his program to anyone interested in retail dairy or bakery credit problems.

Inquiries on Retailer's Excise Tax

We have arranged through our Washington Office to answer inquiries in the February Credit World concerning practical phases of the retailer's excise tax if such inquiries are received not later than January 10 at the National Office, 1218 Olive Street, St. Louis, Mo., or our Washington Office, 503 Colorado Building, Washington, D. C. Answers as published will be from official sources and may be relied upon for accuracy.

St. Louis Elects Officers and Directors

The Associated Retail Credit Men & Credit Bureau of St. Louis at their annual Christmas party elected the following officers and directors: President, Roy Manker, Thomas W. Garland, Inc.; Vice-President, Ray Bulte, Stix, Baer & Fuller Co.; Treasurer, Claude McCarthy, S. G. Adams Co.; and Secretary, A. J. Kruse, Manager of the Credit Bureau of St. Louis. Directors: H. R. Zollinger, Zollinger Upholstering Co.; M. M. Carouthers, Southwest Bank; J. H. Custer, Lammert Furniture Co.; Charles Reno, Scruggs, Vandervoort & Barney; W. J. Preusser, Famous-Barr Co.; I. Davis, Lane Bryant; Robert Kerr, First National Bank; Arthur Nelson, Socony Vacuum Oil Co.; Tuscan Boaz, Boyd-Richardson Clo. Co.; Ed. Fey, City Ice & Fuel; Walter Cassmeyer, Merchants Ice & Fuel; Essie January, Stix, Baer & Fuller Co.; and E. F. Horner, Kline's.

BAROMETER of Retail BUSINESS

Sales and Collection Trends

November, 1941, vs. November, 1940

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

Credit SALES increased 3.0 per cent during November; total sales 10.1 per cent; and collections 2.6 per cent, in the United States and Canada, as compared with November, 1940. *These increases were again attributed to improved business conditions generally, resulting from defense work. Several cities reported their decreases in credit sales were due to the effect of Regulation W.*

Highlights of the monthly analysis are shown in the tables below:

Highlights for November

43	Cities reporting.
13,949	Retail stores represented.
	COLLECTIONS
29	Cities reported increases.
2.6%	Was the average increase for all cities.
15.5%	Was the greatest increase (Dayton, Ohio).
1	City reported no change (Beaumont, Texas).
13	Cities reported decreases.
7.3%	Was the greatest decrease (San Antonio, Texas).
	CREDIT SALES
29	Cities reported increases.
3.0%	Was the average increase for all cities.
20.0%	Was the greatest increase (Youngstown, Ohio).
1	City reported no change (Clarksburg, W. Va.).
13	Cities reported decreases.
15.0%	Was the greatest decrease (Victoria, B. C.).
	TOTAL SALES
41	Cities reported increases.
10.1%	Was the average increase for all cities.
45.2%	Was the greatest increase (Abilene, Texas).
2	Cities reported decreases.
7.0%	Was the greatest decrease (Santa Barbara, Calif.).

Interpretations of

INSTALMENT REGULATION OF FEDERAL RESERVE SYSTEM

The following additional interpretations of Regulation W relating to the extension of instalment credit have been issued by the Board of Governors of the Federal Reserve System:

81. RADIO RECEIVING SETS, PHONOGRAPHS, OR COMBINATIONS—The classification "radio receiving sets, phonographs, or combinations" does not include coin-operated phonographs.

82. NEW HOUSEHOLD FURNITURE—The classification "New Household Furniture" includes a prefabricated fireplace, sold as a complete unit, that is decorative only and not usable for heating purposes.

83. FINANCING PRE-SEPTEMBER CONTRACT—Section 3(a) (2) (B) permits purchase or discount of 24-month note if note was signed after September 1 pursuant to pre-September commitment. Similarly, where contractor and home owner have made pre-September contract for repairs to be financed by a bank, bank may finance the repairs on terms provided in contract even though request for financing is not presented to bank until after September 1.

84. STATEMENT OF TRANSACTION—The Board has received several questions regarding the application of Sections 4(f) and 5(c) (1) of Regulation W, which became effective October 1, 1941, and relate to the "Statement of Transaction" required in connection with extension of instalment sale credit or instalment loan credit. The answers are given below:

1. It is not necessary that all of the information required by Section 4(f) or 5(c) (1) be included on a single sheet of paper, but if parts of the information appear on two or more sheets it is necessary that these sheets be attached together, and that copies of all of them be given to the obligor together. The statement referred to in these Sections, and the copy required to be given the customer, need not be identical in form.

2. It is not necessary that the particular terminology used in the regulation ("bona fide cash purchase price," "deferred balance," and "time balance") be used in the Statement of Transaction, as long as the Statement contains the required information. When the contract is in the form of a lease agreement, such terminology as is applicable to a lease, giving the corresponding information, may be used.

3. The bona fide cash purchase price of a particular article and accessories, including relevant taxes, may be shown as a total without being itemized into various parts. Although Section 4(f) (2) requires itemization of (1) the article, (2) the accessories and (3) the services referred to in the Section, the items themselves may be itemized without stating the portion of the total purchase price that relates to each. Accessories which are standard equipment for the article need not be individually itemized, and a group of accessories which are sold as a single group by the manufacturer may be shown in the Statement as a unit.

4. The itemization for a new automobile follows this same rule, and need not show separately the matters referred to in paragraphs 1 through 4 of part 3(a) of the Supplement. As indicated above, however, the accessories should be indicated, and so should the relevant services.

5. In the case of an extension of instalment sale credit subject to Section 4 of the regulation, item 2 under Section 4(f) requires that the Statement of Transaction show the bona fide cash purchase price of the article (the price at which the seller would sell the article for full cash payment) even though the sale will be made at a "time price" which includes carrying charges.

6. The information referred to in each of the seven paragraphs of Section 4(f) must be set forth, and it is not sufficient that an item of information may be obtained by mathematical derivation from other information in the Statement. However, if the interest or finance charge is not included in the face amount of the obligation but is an additional amount calculated pursuant to an arithmetic formula plainly set forth in the Statement, paragraphs 5 and 6 do not require this amount to be shown in dollars and cents or to be included in the statement of the time balance.

7. In any case in which a state law or local regulation requires that sales taxes be shown separately or requires in any other respect more detail than that required by Regulation W, the regulation does not prohibit such further itemizing.

85. HEATING STOVES AND SPACE HEATERS—The classification "heating stoves and space heaters designed for household use" does not include gas heating units designed to be suspended from the ceiling and operated with a fan circulator.

86. MECHANICAL REFRIGERATORS—The classification "mechanical refrigerators" includes certain refrigerating systems consisting of (1) one or more cabinets of which each has less than 12 cubic feet rated capacity, and (2) a separate mechanical refrigeration unit servicing these cabinets. This is true even though the aggregate capacity of the cabinets included in the system may be 12 cubic feet or more.

87. AUTOMATIC GAS SYSTEMS—Butane, Propane, or similar automatic gas systems or containers are included in Group E of the Supplement.

88. MAXIMUM CREDIT VALUE OF A NEW AUTOMOBILE—Part 3(a) of the Supplement to Regulation W provides that the maximum credit value of a new automobile shall be 66⅔ per cent of the purchase price but that such maximum credit value shall in no event exceed 66⅔ per cent of the sum of items numbered 1 through 4 as set forth under part 3(a). In this connection, the Board has received several questions as to the amounts which may be included under that portion of item 4 which permits the inclusion of "any bona fide charges for delivery . . . not included in the foregoing items."

In general this provision permits only the inclusion of bona fide charges for services which are actually rendered by the seller in connection with the delivery of a new automobile and which are not included in the manufacturer's retail quotation (item 1) or in transportation charges (item 2). For example, charges for such services as lubricating, cleaning, polishing, or otherwise conditioning the car may not be included under item 4 if these services are included in item 1 or 2; but in case any such services are not included in items 1 and 2, a charge which is reasonably related to the value of such services may be included in item 4. Likewise, where the contract of sale includes any additional services connected with the delivery of the car, such as greasing the car for a certain period or providing antifreeze, a reasonable charge for such services may be included in item 4. On the other hand there may not be included in item 4 a charge which the dealer may make for "advertising" or for "warehousing," nor any other charges which the dealer may make except bona fide charges for services which are actually rendered by the seller to the purchaser and are not included in items 1 and 2.

89. WATER HEATERS—The classification "water heaters designed for household use" includes all water heaters with a storage tank capacity of 85 gallons or less.

90. COOKING STOVES AND RANGES—The classification "cooking stoves and ranges with less than seven heating surfaces" does not include cooking and baking equipment that is clearly designed for commercial use and not suitable for use in households, even though having less than seven heating surfaces. A cooking stove or range or oven, which is designed for commercial use in restaurants and hotels, and which has a single or continuous heating surface or heating unit, is not included. A deep-fat fryer designed for such use is not included.

91. MATERIALS AND SERVICES—SEPARATE NEW STRUCTURE—Question has been received as to whether materials and services for building a new garage are included in Group E if the garage is on improved real estate upon which other buildings are located but is itself a separate new structure.

For purposes of Regulation W, materials and services in such circumstances are not considered to be "in connection with existing structures" but are considered to be for new structures, and hence not included in Group E.

92. SECOND MORTGAGES—A 24-month note for $650 secured by a second mortgage on a house is not subject to Regulation W if it is given by the purchaser to the seller as part of the purchase price of the house; and the note may be discounted by a bank under Section 3(a) (2) (B). This would be true even if plumbing fixtures and other listed articles had been incorporated in the house, because for the purposes of Regulation W the sale would be regarded as the sale of a house and not as the sale of plumbing fixtures.

Similarly, the fact that a $1,500 instalment loan is secured by a second mortgage on a house that was purchased within 45 days and which at the time of purchase contained plumbing fixtures or other listed articles previously installed, would not cause the loan to be subject to Section 5(a) as a loan secured by a "listed article which has been purchased within 45 days." The recent purchase is considered to be the purchase of a house rather than the purchase of a listed article, and the case would not be altered by the fact that the seller of the house might have purchased and installed the listed article only shortly before he sold the house and within 45 days prior to the loan. On the other hand, Section 5(a) would apply if the mortgagor had owned the house for some time and had purchased and installed the listed articles within 45 days prior to the loan, since in such a case the mortgagor's recent purchase would be a purchase of a listed article rather than the purchase of a house.

93. ROOM-UNIT AIR CONDITIONERS—The classification "room-unit air conditioners" includes portable units of one horsepower or less.

94. FINANCING HOME IMPROVEMENTS—In the case of a home improvement that is carried out as a single job totaling $995, of which $550 is for a furnace and other Group D items while $445 is for Group E items, the question has been asked whether a registrant financing the entire job may divide the financing into $445 on an instalment basis subject to the requirements of Regulation W and $550 on a single-payment basis not subject to the regulation.

This is a single transaction and may not be divided by the registrant in this manner.

95. PLAN OF REPAYMENT OF INSTALMENT LOAN CREDIT—Questions have been received as to whether a certain plan of repayment meets the requirements of Regulation W regarding 18 months maximum maturity and equal monthly payment for instalment loan credit. There is provision for 11 equal monthly payments, and a larger twelfth payment at the end of the twelfth month for the remainder. However, there is an express agreement between the parties that when the twelfth payment falls due, unless the borrower has defaulted on an earlier payment or unless there is a material impairment of his credit, only a portion of the twelfth payment will actually be paid and the remaining portion will be refinanced into six equal monthly payments in such manner that the net result will be eighteen substantially equal monthly payments.

Such an arrangement complies with the specified requirements of the regulation.

96. BONA FIDE CASH PURCHASE PRICE—Sections 5(a)(1) and 5(c)(1)—The phrase "bona fide cash purchase price" in Section 5(a)(1) and Section 5(c)(1) means the bona fide cash purchase

(Turn to "Regulation," page 29.)

Here again we have illustrations from recent experience. One such is the case of an aggressor nation like Germany going into a conquered territory—where the *gauleiter* deliberately decides to tax or bleed the people that way. Of course, prices jump in terms of a currency whose quantity is subject only to the whim of a conqueror. Another case is that of the earlier Germany. Here confidence deserted the currency when it was discovered that the central Government had lost control of its budget—had no formula, courage, or prospect for raising its revenue enough to meet its outgo—without the printing press. Thus, monetary inflation can start with either deliberate fraud on the people or politico-economic deterioration.

Clearly, in the United States at the present time there is neither the superconfidence such as created an inflation bubble in the late 1920's, nor the fear of imminent breakdown in Government credit. If the latter, it could be quickly dispelled by two sets of facts: first, that the national income is growing much faster than the national debt—probably twice as fast; second, that much smaller nations than the United States—for instance, Britain—are carrying debt loads as large, hence several times as big in proportion.

3. The third well-known cause of inflationary prices is one in which the supply of goods and services for individual consumption (a) is restricted while buying power is sustained, or (b) fails to expand as fast as buying power. This is the typical war situation.

Next Month

"Retail Credit Granting Under Wartime Conditions," J. T. Machat, Ross Federal Service, New York

"WHAT IS THE MOST IMPORTANT RETAIL CREDIT PROBLEM FOR 1942?"

"Retail Installment Credit Estimates for 1941 and Current Outlook," by Malcolm L. Merriam, Department of Commerce, Washington

"Your Collection Problems Solved," Warren W. Smith, Credit Reporting and Collection Bureau, San Jose

"The Retail Credit Men's Association Contribution Toward Winning the War" (Reprinted from The CREDIT WORLD, October, 1918)

At the time of the first World War this set of forces provided a real price inflation—multiplying the average price level before the war by two and one-half, and multiplying the prices of numerous strategic or critical commodities several times. Will it do so again? That is the big current question. And what can the individual do about it?

Mr. Rukeyser has listed eight different methods that are being proposed or already used to limit it. I would add two more: the release by Government agencies of present large surpluses of such supplies of wheat, corn, and cotton; and the lowering of import duties—particularly on materials needed for war, such as zinc, lead, copper, petroleum, and sundry fibers.

But granted that we cannot tell how rigidly these controls will be applied, what is the prospect otherwise? How much necessity for drastic controls? How much must the individual be concerned, to protect himself?

I see three major evidences that price advances in the United States are not headed for the stellar regions attained in the last war. Foremost of these is that the great bulk of new buying power must originate in the United States this time, while in the former war the Empires of France and Britain, not to mention numerous other allies, were able to bid for goods in this market and pay on the dotted line—for years. Next most important is that enormous surpluses have accumulated in many parts of the world, ahead of this war. As Secretary Morgenthau pointed out recently, the cost of living has jumped inordinately while storage supplies of butter, meats, and a long list of other essentials are unusually large. The wheat carryover, for instance, is presumed to be the largest in history. The smoke has barely died down from Brazil's burning of excess coffee supplies when now the price has doubled. Yet the great bulk of coffee drinkers in the Eastern Hemisphere have not the wherewithall to buy present supplies, nor the prospect of getting it before the end of the war.

The third type of evidence that present "inflation" is highly artificial can be observed from two different directions. On one side it is abnormal inventory accumulation. As measured by the Department of Commerce just before mid-year 1941, the inventories of industry had risen out of all proportion to the increase in volume of business—total national production.* Some of this was undoubtedly necessary, and "good business." Some inventory increases even beyond the rate of increased production were necessary in the case of imported materials, which might not be available later. But much of the expansion in raw-material holdings and in slightly processed goods must be rated as primarily speculative—against the *possibility* that this war will lift prices as the former war did. Yet not only were total raw-material surpluses at the beginning of this war vastly greater than in the former period, but this time vastly greater outlays have been made for new plants to increase the supply.

Let us look now at the other side of the evidence of artificial demand in the early phases of this war. It is the phenomenal expansion of bank loans, plus the knowledge that these have been in larger than usual proportion for the carrying of material inventories. This is obvious because finished products are carried for shorter than usual periods in these days of "urgent" deliveries.

In the latest 12 months reporting banks in 101 American cities have shown an expansion in loans of over 2¼ billion dollars. Since these represent but 40 per cent of total bank resources, it seems reasonable to presume that total bank loans have expanded in this period almost if not quite 4 billion dollars. This sum is more

*See *Survey of Current Business*, August, 1941, pages 8-9.

than half as large as the total Government outlay for defense in the last fiscal year. It is hardly believable that such bank-loan expansion as a price-lifting factor for commodities will continue at such a pace, or will be permitted to continue.

The fourth major reason for believing that commodity prices will become more cautious presently is that declining costs of production throughout the world constitute a major long-run influence for price decline. For the first time in the history of the world, machine production has become broadly distributed. Efficient, power-driven equipment has been put in the hands of tens of millions throughout the world, instead of monopolized by the higher-priced artisans of Germany, Britain, and our own New England. That is the meaning of large-scale exports of machinery from the latter areas during the whole period since the last war. It must be presumed by practical men, therefore, that the price plateau beyond this war will be lower than that which followed the preceding war. And this means that speculative holders of commodities will before long begin to suspect that the deflation jolt may be proportionately more severe—the landing place lower down.

A Vulnerable Inflation

Of course, the answer of procrastination is that "this inflation may last a long time." But again, practical men will realize that this war's price inflation is as vulnerable as Hitler! Yes, it is probably more vulnerable than Hitler, because monopoly prices in particular would deflate hard on Hitler's victory, and war sustained prices in general would deflate on a Hitler defeat.

I have talked with financial men who have insisted—too hopefully, it seemed—that canny political leaders would not permit the price levels of this war to be deflated drastically as they were 20 years ago. These men argue that the dollar and other currencies will be devalued further in terms of gold, if necessary. But realism cautions me to observe that gold is already *greatly* overpriced. Proof is that the present price of gold has stimulated production of that metal to twice the quantity recovered in pre-depression years—when there was much wider monetary use of gold than now. To raise this price still further would almost certainly aggravate present overproduction. It would be safer not to bank on such uncertain support for inflated prices.

We come now to the personally practical question, "What to do about inflation?" My conclusions are that since there is a good deal of artificiality to the present inflation scare—unreal shortages of many raw materials, particularly the food lines, together with substantial amounts of "precocious" demand for inventories, the result of speculative borrowing—the remedies or controls such as outlined by Mr. Rukeyser are likely to be more effective than now presumed, especially when we really get at the job of applying them.

It ought to be obvious, moreover, from the very nature of inflation, and its problems, that the individual can hope to be more effective working along civic lines, for collective action and controls, than he can as a lone wolf. And I should like to record the belief that that is a most practical course for businessmen in these times. The better the controls over inflating prices, the smaller the business hazards when deflation comes.

But there are also individual hedges that can be taken, and should be taken, in view of the admitted present magnitude of price risks. Certainly, business management should streamline its operations to be as efficient as possible in a period when price trends may be sharp and price jolts may be serious and disorganizing. Yet bulging inventories are not streamlined, and they may become as troublesome as a heavy trailer on a difficult road.

Similarly, the investor who has listened unduly to tradition in this field, and overloaded himself with "inventory stocks"—the shares of companies which have a large proportion of assets in that class—must realize that it is just as important to get out of such a commitment successfully as to get in.

In all probability, the best formula for the average investor to hedge against uncertain price trends is to put primary emphasis on the purchase of securities of vigorous and growing enterprises—the kind most likely to be favored by growth trends in a transition period.

Too few people seem to realize that growth vigor is just as essential when marshalling the securities for defense of one's estate as is youthful vigor when marshalling the armies for the defense of a nation. Many a man (or woman) who would not think of buying a business outright without convincing evidence that its opportunities were expanding, will nevertheless go into the security markets and buy small fractions (shares of stock) of companies with a past more notable than a future.

Stocks Uninflated

But what of the despairing argument that "With interest rates low, making bond prices vulnerable, and taxes high, stripping stocks of their earning power, the poor investor does not have any opportunity this time to hedge against inflation"? My answer is that as long as general risks are large, the "risk-free," high-grade bond should command a healthy price. And there isn't any evidence yet that general interest rates have turned the corner. In fact, the average cost of capital to the Federal Government recently set a new low.

As for the fact that extraordinary taxes have prevented the prices of good stocks from rising, we are equally warranted to observe that these equities are therefore uninflated. As such, their inflating period may be just ahead (British stocks have experienced a relatively prolonged rise against 100 per cent excess profits tax). And even if stock-price inflation does not arrive, that very fact should make these issues a better hedge against the commodity-price deflation to follow.

Getting back now to our opening diagnosis, that inflation is the outward sign of disease, let us bear in mind that few if any people make a profit out of disease. Thus, few if any investments are ever really benefited by inflation. Therefore, best of all counsel for an ordeal of this kind is to keep fit, act as normally as possible; don't gamble any more than necessary in an atmosphere in which your view of all the factors in the situation must be less clear than in more normal times.

Most of all we ought to keep in mind that inflation is a collective problem, and, therefore, the average man's or woman's best contribution to his or her own welfare in such a time is the contribution of constructive, levelheaded, patriotic citizenship.

1939 Retail Credit Survey Released by Department of Commerce

The 1939 Retail Credit Survey continues a series of reports on retail credit issued by the Bureau of Foreign and Domestic Commerce at the request of the National Retail Credit Association in 1929. Each of these reports has contained comparative data on cash and credit sales, collection percentages, and bad-debt losses in selected retail trades. The current study, by Malcolm L. Merriam, gives the same basic information showing the experience of reporting stores in 1939 compared to 1938.

Significant Facts

Sales.—Reflecting an estimated increase from 1938 of 25.8 per cent in dollar volume, installment sales in 1939 were 10.8 per cent of total retail sales as compared to 9.3 per cent of the 1938 total. It is estimated that cash

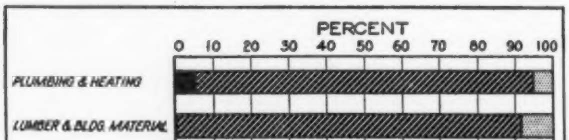


Chart 1.—Proportions of Cash and Credit Sales of Credit-Granting Stores in 15 Trades, 1939

sales in 1939 were 5.3 per cent above 1938 in dollar volume, while open-credit sales gained 10.5 per cent and all retail sales were up 8.4 per cent from 1938. The proportion of cash sales to total retail sales declined from 68.3 per cent in 1938 to 66.4 per cent in 1939. Most of this decline was taken up by the gain of the installment proportion, as open-credit volume showed only a fractional increase to 22.8 per cent of total retail sales in 1939.

Collections.—Comparisons of average monthly collection percentages show that all trades except furniture had more rapid open-account collections in 1939, with gains in the rate of collections for individual trades ranging from less than 1 per cent to more than 7 per cent above 1938. The turnover of automobile dealers' installment accounts was slower in the average month of 1939, but gains from 1938 were recorded for all other trades. Beyond these facts, it is concluded that the installment collection ratios rather than serving to explain either changes in collection conditions or credit terms between the 2 years, themselves require interpretation in the light of these elements as well as the movement of sales volume.

Average outstandings.—Presented as figures for the average month, which would be substantially lower than at year end, it is estimated that retail open-account outstandings in 1939 were $1,500,000,000, compared to $2,600,000,000 for installment accounts. While open-account outstandings gained 3 per cent in 1939, installment outstandings were unchanged from the monthly average for 1938. However, the large installment sales increase in 1939 produced gains above 1938 in monthly outstandings during the second half of the year.

Bad-debt losses.—It is estimated that retailers' losses on charge accounts totaled $46,075,000 in 1939, showing almost no change from 1938. A pronounced decline of 17 per cent in retailers' installment losses, which totaled $27,228,000 in 1939, may reflect both the relatively high losses taken in 1938 on contracts carried over from 1937, as well as better conditions in 1939.

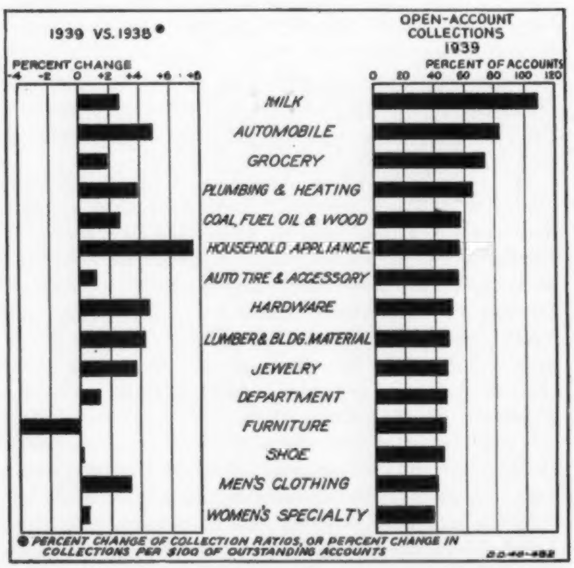


Chart 2.—Average Monthly Collections on Open Accounts, 1939, with Percent Change from 1938 in Average Rate of Collections per $100 of Outstanding Open Accounts, for 15 Trades

Balance-sheet analysis.—Comparisons both between trades and within trades disclose that as credit sales absorb working capital in accounts receivable these accounts become a larger percentage of total current assets, with the gain being offset by a decrease in the proportion of inventory. Within the individual trades, however, where comparisons between groups of stores can be made without the extreme qualifications necessary when characteristics of different trades are involved, the inventory decrease inclines to be relative rather than absolute, for progressive gains in proportionate use of working capital for receivables tend to be accompanied both by a larger percentage of current assets to total assets, and by increasing size of store. It is not found that larger use of working capital for receivables results in higher ratios of debt to worth, as it is primarily a function of the amount of invested capital. Thus, while credit selling may contribute to store growth, it is also indicated that size of store capital in relation to the market served is a controlling factor in the extent to which such credit sales can be encouraged.

The material contained in the 1939 Retail Credit Survey was collected primarily for use by retailers engaged in credit selling. The practical needs of retailers for factual information on credit operations was largely served at earlier dates when more than 4,000 cooperating firms received statistical summaries showing the results of the survey for their own trades. This final volume is both a permanent record of the data for the year 1939 and a supplementary research project developed after the requirements of current reporting to business firms had been satisfied.

Every member of this Association should purchase a copy of this survey. It is identified as Domestic Commerce Series No. 112, and is on sale by the Superintendent of Documents, Washington, D. C., and all District Offices of the Bureau of Foreign and Domestic Commerce located in principal cities throughout the country. Or, order from the National Office. The price is only 20 cents per copy.

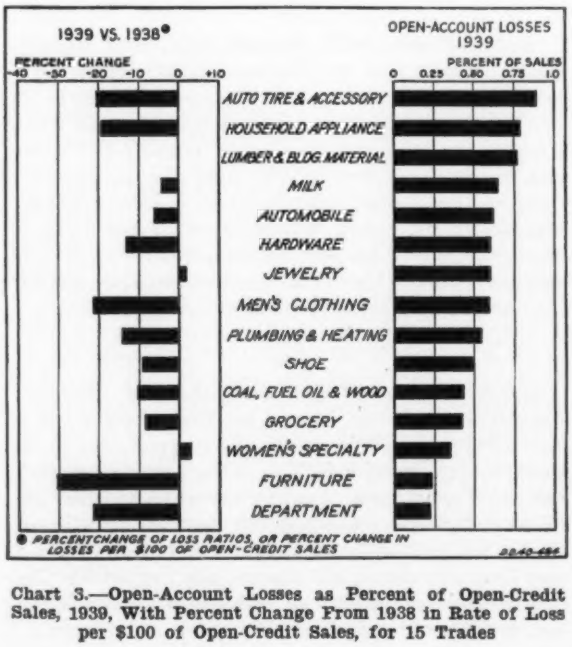


Chart 3.—Open-Account Losses as Percent of Open-Credit Sales, 1939, With Percent Change From 1938 in Rate of Loss per $100 of Open-Credit Sales, for 15 Trades

Letters To The Editor

"The front cover of the November CREDIT WORLD is so outstanding and unique that it creates additional interest to look inside and read the articles therein. You are rendering a valuable service to the membership and adding materially to the success of the organization in which we are all so vitally interested."—E. F. Horner, Credit Manager, Kline's, St. Louis, Mo.

* * *

"Thanks for your invitation to become a member of The CREDIT WORLD committee. In the past, I have been rather critical of some of the material appearing in our magazine; however, the articles which have appeared during the last year and a half have been much more worthy of our publication. You may rest assured that I shall make every effort to fulfill my assignment in the coming months."—H. L. Bunker, Credit Manager, H. C. Capwell Co., Oakland, Calif.

* * *

"I like the new membership sign and think it is very attractive. May I also extend my congratulations on The CREDIT WORLD as it gets better with each issue."—Louis Selig, Credit Manager, Rosenfield's, Baton Rouge, La.

* * *

"I believe the editorial in the November CREDIT WORLD, 'An All Out Credit Economy for America' by Frank Batty, to be the finest editorial on the subject that has come to my notice. If possible, I would like to secure 275 reprints to send to our entire membership."—George W. Fitch, Managing Director, Retail Furniture Association of California, San Francisco, Calif.

* * *

"I wish to commend you and Mr. Dodd on the excellent report of the proceedings of the Public Utilities Group Conference of the New York Convention."—J. E. Rouch, Credit Manager, The Ohio Bell Telephone Co., Cleveland, Ohio.

* * *

"The New York convention was my first opportunity to attend a National convention and my only regret is that I was not able to attend all of the public utility group sessions as without a doubt I think they were the most interesting of any that I attended."—H. L. Muse, Credit Department, Consolidated Gas Electric Light and Power Co., Baltimore, Md.

* * *

"I recently received a copy of *Streamlined Letters* and after examining it in detail, I was very favorably impressed. Mr. Marra is due a lot of credit for this book and the Association is likewise to be complimented for making such a fine book available."—J. W. Doherty, Credit Manager, J. R. Westbrook Co., Riverside, Calif.

* * *

"Your monthly publication is enjoyed very much by the writer, as well as his assistants. Only with the combined efforts of our members will credit problems be solved more easily, and this can be accomplished in a much better manner by reading your publication."—J. J. Lavengood, Treasurer, J. C. Proctor Lbr. Co., Peoria, Ill.

* * *

"Our Peoria Retail Credit Association has voted to affiliate 100 per cent with the National Retail Credit Association. This brings 23 new members into the National and automatically renews 15 more for one year."—B. D. Fuchs, General Credit Manager, Block & Kuhl Co., Peoria, Ill.

"Jewelry Credits"

(Beginning on page 7)

eight months' account. Our plan is flexible in the down payment or size of monthly payments. As an example, one of our good risks always wanted to buy his wife a diamond ring but did not like to pay the entire amount out of his available funds. Our salesman persuaded him to buy this ring at so much a month for eight or ten months, with the small carrying charge, and he liked the idea. Nothing appeared on record and statements were sent to his office.

Now, readers, I can hear your silent thoughts. "Do they sell to everyone?" "Do they repossess their merchandise?" "How do they collect?"

We are as careful of a customer's credit rating and character as you are. As to repossessions we have a golden advantage that sellers of other merchandise do not have. All our items are gifts or tokens given to loved ones. The purchaser would not want us to call the recipient of a gift to return it, because of failure to meet the payments. Would you, Mr. Struggling Shoe Clerk, permit the jeweler to call your sweetheart and tell her "Mr. Jones hasn't paid last month's payment on your ring"? No indeed, Mr. Jones makes every effort to keep his jewelry account in good standing.

We also have a "dignified" method of collecting. We do not use a beer-shack bouncer, but our own sweet-voiced office girl tells Mr. Jones over the phone that his last payment is overdue. Out-of-town accounts are notified with a courteous letter. We can definitely state that our repossessions are negligible, and percentage of collection turnover on installment accounts way ahead of the open account ledger. Of course, the "old-fashioned jeweler" makes exceptions and he is lenient, probably that is why he is dubbed old-fashioned.

We take a human interest in our customer. We have collected for a wedding ring after the second child was going to kindergarten—but they are our friends, so will their children be. There is a lot of romance in jewelry store credits that makes our work interesting and void of drudgery.

The Book Shelf

Successful Collection Letters (McGraw Hill Book Company, Inc., New York, New York, 250 pages, $2.50)—The arrangement of this book, by William H. Butterfield of the University of Oklahoma, does not follow any standard pattern. Instead, the central theme is "ordinary common sense" in collection writing. After examining some five thousand collection letters, the author has concluded that out of every 100 there are only seven that are actually effective. Many businesses overlook ineffectual mail collection methods. This book is, therefore, aimed at this blind spot in the vision of many business executives—a weak spot that nine organizations out of ten need to strengthen. It contains over 200 samples of successful collection letters and cites actual percentage results of the specimens.

Effects of the Defense Program on Prices, Wages, and Profits (The Brookings Institution, Washington, D. C., Pamphlet No. 29, 44 pages, 25 cents)—This pamphlet, by Meyer Jacobstein and Harold G. Moulton, has been made possible by a grant from the Maurice and Laura Falk Foundation of Pittsburgh for studies pertaining to the impact of the defense program upon the economic life of the nation. It attempts to answer such questions as: "What do the facts show as to the effects of recent developments upon the economic position of the major groups in this country?" and "What is the explanation of the changes which have occurred in the prices of commodities?"

Retail Trade 1939, Credit Sales and Receivables (Bureau of the Census, Department of Commerce, Washington, D. C., 169 pages, 45 cents)—In this report on credit sales and receivables for retail trade, statistics are presented by kinds of business for States, and for cities of over 500,000 population, on open account and installment credit, cash sales in both cash-credit and all-cash stores, and customer accounts and notes receivable at end of the year. This is another of a series of reports on the Census of Business for 1939 presenting statistics by subjects for retail trade.

Credit Manual of Commercial Laws (National Association of Credit Men, One Park Avenue, New York, 848 pages, 1942 edition, $5.10 to N. R. C. A. members, regular price $6.50)—This is the 34th annual edition of what many business executives consider an almost indispensable handbook on the laws of business. During the past year the legislatures in 44 states enacted new laws and revised old statutes affecting trade. Because of the large number of revisions in this year's edition, previous editions are obsolete.

"Regulation"

(Beginning on page 22)

price of the article and accessories purchased, including any sales taxes thereon and any bona fide delivery and installation charges.

97. OVER-ALL DEFERRED BALANCE—Section 6(b)—A registrant makes an extension of instalment sale credit arising out of the sale of materials and services (including certain Group D articles) in connection with repairs, alterations or improvements upon urban, suburban or rural real property in connection with an existing structure. The bona fide cash purchase price of all the materials and services is $1,500 and the bona fide cash purchase price of the Group D articles is $700. The purchaser makes a cash payment of $150 and remains indebted to the seller in the amount of $1,350. Is the transaction exempt under Section 6(b) of the Regulation?

The exemption in 6(b) does not apply since the $700 purchase price of the Group D articles is more than 50 per cent of the over-all deferred balance of $1,350.

98. PART OF DEFERRED BALANCE INSURED BY F. H. A.—Section 6(b)—Facts similar to W-97, but the bona fide cash purchase price of all the materials and services is $3,000 and the bona fide cash purchase price of the Group D articles is $1,400. The purchaser does not make any down payment and remains indebted in the full amount of $3,000. Inasmuch as $2,500 is the maximum amount of a loan which may be insured by the Federal Housing Administration under Title I of the National Housing Act, the customer's obligation totaling $3,000 is divided into parts, one in the amount of $2,500 which is insured by the Federal Housing Administration, and the other in the amount of $500 which is not insured. The $1,400 of Group D item exceeds 50 per cent of the $2,500 but is less than 50 per cent of the $3,000. Is the transaction exempt under Section 6(b)?

Since the $3,000 represents a single transaction and is divided into two parts merely for convenient treatment under the National Housing Act, it is permissible to treat the $3,000 as a unit, and hence as an exempt transaction under Section 6(b).

99. INSUFFICIENT DOWN PAYMENT ON LISTED ARTICLE—Receipt is acknowledged of your letter of October 1 regarding the question whether the phrase "maximum credit value in per cent of basis price" in the Supplement to Regulation W should be interpreted literally or whether down payments which are short a reasonable amount are permissible. You state that in view of this provision, Electric Home and Farm Authority has returned a large number of customer contracts to dealers because down payments are short a few cents, in some cases only four cents, but that it is your recommendation that the Board permit no exceptions whatever in down payments inasmuch as your experience indicates that where certain exceptions are made it is difficult to avoid making exceptions to exceptions.

The Board agrees that the "maximum credit value" provided in the Supplement is a figure which should be calculated mathematically and not be arrived at by approximation, and therefore, the Board does not believe that the Regulation authorizes an extension of credit which is even a few cents in excess of the maximum provided by the Regulation. The Board has, however, been impressed by the evident desire on the part of those affected by the Regulation to comply with it in spirit as well as in letter, and the Board believes that, at least during the initial few weeks after the effective date of the Regulation, it is proper to assume, in the absence of facts which would create the opposite presumption, that most apparent violations, as well as minute technical violations of the kind to which you refer, are the result of inadvertence or of a misapprehension as to the meaning of the provisions of the Regulation.

100. STATEMENT OF TRANSACTION—The Board has been asked whether the following procedure complies with Section 4(f) of Regulation W: The seller gives no statement of the transaction to the purchaser but authorizes the finance company which discounts the obligation to furnish the statement to the purchaser in its normal course of business, with the result that the purchaser receives the statement approximately two weeks after the obligation is discounted by the finance company.

The Board replied that this procedure does not comply with the requirements of Section 4(f).

101. RESCINDING INSTALMENT SALE CONTRACTS—DEFECTIVE ARTICLE—Regulation W does not prohibit the rescission of an instalment sale contract by agreement of the parties at any time if the seller refunds all amounts received and the purchaser returns the article; as, for example, where the article is found to be defective and the seller is unable to replace it.

However, if the purchaser returns the article several months after the date of sale on the ground that it is defective and if the seller does not replace the article but instead agrees with the purchaser to rescind the sale and sell the purchaser another article of the same kind or a similar article of a higher price, these facts may indicate that the rescission was merely a formality used for the purpose of evading the Regulation and that the transaction should have been treated as a trade-in as described in W-71.

102. SINGLE PAYMENT NOTE—RESET ON INSTALMENT BASIS—A registrant sells a listed article under a bona fide agreement that the purchase price will be paid in a single payment 60 days after the date of purchase. By reason of a change in circumstances and not in pursuance of any previous agreement or arrangement, at about the time the payment is to be made the purchaser asks that the purchase be changed to an instalment basis. Is it necessary to get a down payment? From what date must the maximum maturity be calculated?

Since the sale was made under a bona fide agreement and there were no evasive side agreements between the parties, it is not necessary under the present terms of the Regulation to get a down payment, and the maximum maturity is 18 months from the date on which the credit is changed to an instalment basis.

be refigured so that the customer knows what she is to pay. If you leave it to the customer to figure, you will never get the correct amount unless he makes only the one purchase. Without the use of the special ninety-day account collection card you could never figure out just what is due and therefore your collection percentage will not be what it should be.

The bills for the ninety-day accounts take about 2½ to 3 days each month to figure out the amounts due and it is estimated that each girl figures about 22 bills an hour on an average, with one person averaging about 35 bills an hour. It is not a difficult job to figure most of the accounts, but what keeps the average down to 22 bills each per hour is the fact that credits appear on the bill that were charged in the month prior, and credits like charges must also be broken down into one-third each month.

Collection procedure should start five days after the due date. Remember that if one month is missed it is very hard for the customer to pay two months at once and the account becomes slow. It is our practice to send a reminder card five days after the due date, and the first letter about the 25th of the month. If it is not paid when the bills are ready to go out, we list the past due acounts by months at the bottom of the bill with the total for each month due, to date. We then place a sticker on the bill which reminds the customer that the amount is overdue. All cards showing one month or more overdue are kept in a separate cabinet, and as soon as the bills are out, dunning starts immediately, so that in the first month they receive two reminders, the second month and on till paid to date, they receive three duns a month.

We find that collection percentages range from a low of 38.4 per cent to a high of 50.9 per cent. In 1937, the average for that year was 42.0 per cent. In 1938 it was 41.6 per cent; 1939 averaged 41.5 per cent; and in 1940 the average was 43.7 per cent. So far for the first five months of 1941 we have averaged 45.0 per cent against 43.2 per cent for the same period last year.

Of the accounts given to the attorney to collect, which comprise budget accounts, open or thirty-day charge acounts, and ninety-day accounts, we find that 32 per cent of the total attorney accounts are the ninety-day accounts. Losses on this type account are negligible if you have a good control and an efficient collection department.

In the aging of this type account showing an 18-month period, we found in January, 1940, that 20.2 per cent were overdue one month or more. Of this amount:

13.5%	were	1 month	old
3.6%	were	2 months	old
0.7%	were	3 months	old

In other words, 17.8 per cent of the 20.2 per cent were 1 to 3 months overdue, leaving 2.4 per cent 4 months old and older; and we found at that time only 1.2 per cent of this amount were 6 months old and older.

On July 31, 1940, our aging showed 17.3 per cent to be overdue. Of this amount:

10.9%	were	1 month	old
2.6%	were	2 months	old
1.3%	were	3 months	old

In other words 14.8 per cent were 1 to 3 months old; leaving only 2.5 per cent 4 months old and older; and in that aging we found that of this amount only 0.9 per cent were 6 months old and older.

Our last aging on January 31, 1941, showed 16.9 per cent overdue. Of this amount:

10.8%	were	1 month	old
2.9%	were	2 months	old
1.3%	were	3 months	old

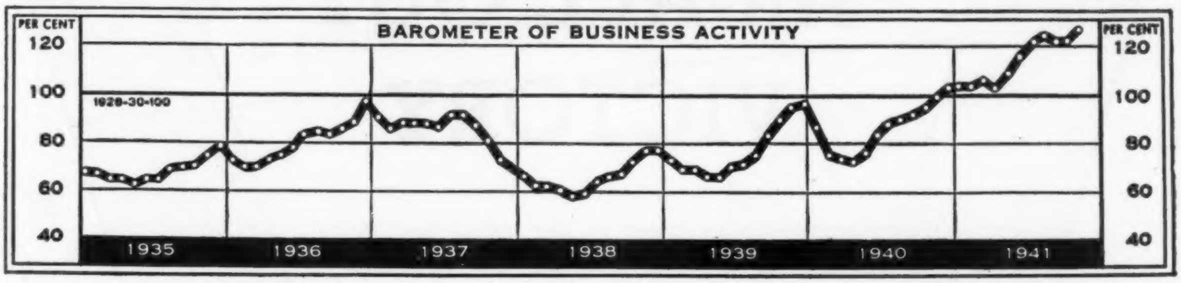
In other words 15 per cent were 1 to 3 months old, leaving 1.9 per cent 4 months old and older; and in that aging we found that of this amount only 0.6 per cent were 6 months old and older.

With good control this type account can be a very profitable one to any store.

Current Business Conditions

The Barometer

A further advance in the Barometer chart line was recorded during November, the general level of business activity rising to a new peak despite actual or threatened labor disturbances in critical defense activities.



This barometer appears in the January issue of "Nation's Business," published by the United States Chamber of Commerce.

The Map

Business activity and the volume of trade are holding close to the peak rate that has been maintained for several months. The general average of all industries is about 25 per cent higher than it was a year ago.

In a large number of cities the volume of business has increased over 40 per cent since a year ago. In a few cities the gains have amounted to 50 per cent or more. Almost no cities report business below last year, although in some places shortages of materials have curtailed production, reduced employment, and lowered consumer purchasing power.

Activity in the agricultural regions of the Middle West has been catching up with the earlier advance made in industrial regions. Much of this advance has been due to good crops and higher prices for farm products. Many defense projects are also being started in this part of the country, and the spending adds to purchasing power in many communities.

The steady increase in Government spending for military supplies continues to be the major factor in expanding production. These large sums are certain to maintain for some time the exceptionally high rate of activity throughout the industrial regions of the East and around the Great Lakes, as well as in other parts of the country.

Demand for textiles continues to be very large and, with the exception of cotton, is close to the highest on record. This demand has been an important factor in stimulating business throughout the South and Southwest. Spending in connection with the training of the military forces will also be larger throughout the South during the winter months.

Demand for minerals and metals has kept activity in the mountain states at levels close to the national average, and further advances are expected. Along the Pacific Coast business has been maintained at the same rate as in the East.

In Canada the high rate of industrial activity is being maintained, but the gains over last year are not quite so large as they are in the United States. Most of this difference is due to the relatively higher rate in Canada a year ago.

An ALL OUT VICTORY

We are now at war!

The aggressors, who in our time have conquered nation after nation with such brutal force, have now struck at our own beloved country.

In such emergencies in the past, credit granters have unselfishly and untiringly devoted their efforts to the cause of defense of this nation.

Once again the members of the National Retail Credit Association pledge their full support ***in this emergency*** as loyal American citizens.

We will follow the leadership of our Government to VICTORY, to preserve forever our rights and liberties. We have embarked on the greatest adventure in our history, this time to make the world really safe for democracy.

Remember, the United States has never lost a war.

L. S. Crowder

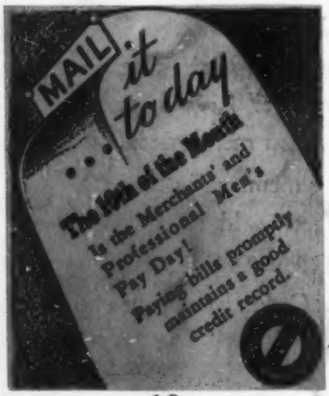
General Manager-Treasurer

ONCE UPON A TIME

we received a new membership from a merchant who was having trouble collecting some of his accounts. He asked us if we could help him and we sent him our folder, *Collection Stimulators and Sales Builders,* showing samples of our stickers and inserts, some of which are illustrated here.

He found that they were inexpensive, only $2.00 a thousand and in multiples of 100 of each sticker, $2.50 a thousand. Shown actual size. They are printed on different colored paper with bronze blue ink.

After using them consistently for six months, he reported excellent results. *You too* can produce the same results through the use of these stickers.



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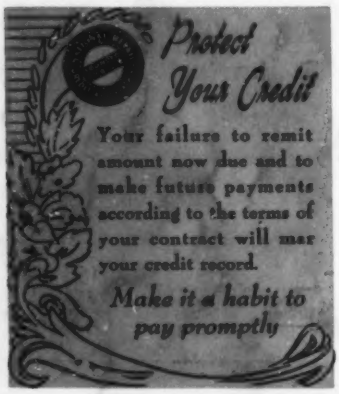

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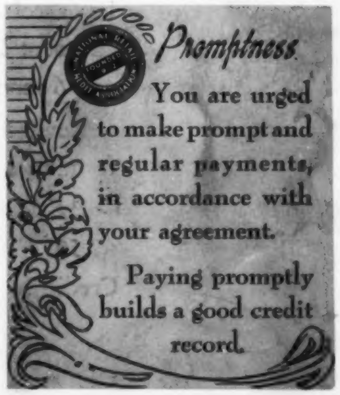

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When ordering, designate by number. A folder showing samples of all stickers and inserts will be sent free on request.

NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive Street St. Louis, Mo.

BUY U. S. DEFENSE BONDS